

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT NO. 2316

LISTED OCTOBER 1, 1968

6,739,000 Common Shares without par value, of which 1,436,000 shares are subject to issuance.

800,000 7% Cumulative Redeemable Convertible Preference Shares Series A, of \$10.00 par value each. The above 800,000 Preference Shares Series A, and 400,000 of the above Common Shares were posted for trading as 400,000 units, each unit consisting of two 7% Cumulative Redeemable Convertible Preference Shares Series A of \$10.00 par value each and one Common Share without par value.

COMMON SHARES:

Stock symbol "CIN"
Post section 5.4
Dial quotation No. 2250

UNITS:

Stock symbol "CIN UN"
Post section 5.4
Dial quotation No. 2039

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT**CANADIAN INTERURBAN PROPERTIES LIMITED**

Incorporated under the laws of the Province of Ontario by letters patent dated October 13, 1917

7% Cumulative Redeemable Convertible Preference Shares Series A with a par value of \$10.00 each and Common Shares without par value.

(transferable in Halifax, Montreal, Toronto, Calgary and Vancouver)

CAPITAL SECURITIES

| SHARE CAPITAL AS AT AUGUST 9, 1968 | AUTHORIZED | ISSUED AND OUTSTANDING | TO BE LISTED |
|---|------------|------------------------|--------------|
| 7% Cumulative Redeemable Convertible Preference Shares Series A | 1,500,000 | 800,000(1) | 800,000 |
| Common Shares | 12,000,000 | 5,303,000(1) (2) | 6,739,000 |

FUNDED DEBT AS AT MAY 31, 1968

| | | | |
|--|------------|--------------|------|
| Mortgages on individual properties aggregating | | \$28,654,953 | none |
| First Mortgage Bonds | | | |
| 5 1/4 % Series A due 1976 | \$ 300,000 | 102,000 | none |
| 5 1/2 % Series B due 1978 | 675,000 | 341,500 | none |
| 5 1/2 % Series C due 1975 | 500,000 | 140,000 | none |
| 7 1/2 % Sinking Fund due 1992 | 3,000,000 | 2,955,000 | none |
| Debentures 4 1/2 % Subordinated due 1976 | 900,000 | 900,000 | none |
| Notes 6% due 1971 | 570,000 | 456,000 | none |
| Long term Debt of Subsidiary Companies | | | |
| Place Longueuil Inc. — 7 1/2 % First Mortgage Sinking Fund Bonds Series A due 1997 | 6,000,000 | 5,700,000 | none |
| Place du Saguenay Inc. Mortgage due 1971 | | 100,000 | none |

| FUNDED DEBT AS AT MAY 31, 1968 | AUTHORIZED | ISSUED AND OUTSTANDING | TO BE LISTED |
|---|------------|------------------------|--------------|
| Canurban Properties Limited Mortgage due 1977 | | 990,319 | none |
| Sixth Street Building Ltd. Mortgage due 1992 | | 1,479,960 | none |
| U.P.D. Holdings Limited Mortgage due 1975 | | 219,131 | none |
| North Shore Shopping Centres Inc. Mortgages aggregating | | 1,135,104 | none |
| William Teron Limited Mortgages aggregating 6% Notes due 1974 | 756,380 | 4,043,685 756,380 | none none |

NOTES: (1) The holders of 7% Cumulative Redeemable Convertible Preference Shares Series A have the right at any time to convert fully paid 7% Cumulative Redeemable Convertible Preference Shares Series A into Common Shares without par value as the same are constituted on August 8, 1968 on the basis of 1 1/2 Common Shares for each 7% Cumulative Redeemable Convertible Preference Share Series A converted subject to such right being exercised on the third business day prior to any date fixed for redemption in respect of the shares being redeemed.

(2) Under a stock purchase plan the Trustees are permitted to purchase with funds to be advanced by the Company 86,000 Common Shares of the Company from Treasury to be made available for purchase by designated senior officers and employees (who were not directors or shareholders of the Company on April 30, 1968) who have agreed to purchase 69,700 of these Common Shares at \$3.85 per share. The remaining 16,300 shares are being reserved for future issuance under the plan.

An option has been granted to a senior officer to purchase 25,000 Common Shares of the Company at a price of \$4.00 per share which option may be exercised at any time on or before December 31, 1971.

The Company has outstanding share purchase warrants issued to a senior officer entitling the holders thereof to purchase in the aggregate 125,000 Common Shares of the Company at the price of \$4.00 per share at any time up to and including the close of business on December 31, 1971.

APPLICATION

Canadian Interurban Properties Limited (hereinafter called the "Company") makes application for listing on the Toronto Stock Exchange of 800,000 7% Cumulative Redeemable Convertible Preference Shares Series A with a par value of \$10.00 each and 6,739,000 Common Shares without par value of which 800,000 7% Cumulative Redeemable Convertible Preference Shares Series A and 5,303,000 Common Shares are issued and outstanding as fully paid and non-assessable.

(NOTE: The above 800,000 Preference Shares, Series A, and 400,000 of the above Common Shares were posted for trading as units, each unit consisting of two Preference Shares and one Common Share).

REFERENCE TO PROSPECTUS

Reference made to the attached prospectus issued by the Company under the date of July 18, 1968 with respect to the offering of 800,000 7% Cumulative Redeemable Convertible Preference Shares Series A and 400,000 Common Shares in Units of two Preference Shares and one Common Share, a copy of which prospectus is hereby incorporated in this application and made part thereof.

HISTORY

The Company was incorporated by Letters Patent under the laws of Ontario on October 13, 1917 under the name Kerr Lake Mines, Limited which was changed to United Principal Properties Limited in 1958 when it acquired extensive real estate holdings. In 1961 Foreign Power Securities Limited (now Warnock Hersey International Limited) acquired a substantial interest in the Company. In 1963 the name of the Company was changed to its present form, its capital was reorganized and Power Corporation of Canada, Limited and its subsidiaries acquired the controlling interest in the Company.

From 1958 to 1967 the Company's operations were confined to the purchase, development and management of revenue producing properties in major urban areas. The acquisition of William Teron Limited in 1967 broadened the Company's base of operations by the addition of the earning potential of large-scale land development to the stable earnings and cash flow from revenue producing properties.

NATURE OF BUSINESS

The Company is engaged directly and through subsidiaries in the development, ownership and management of revenue producing properties including shopping centres, commercial properties, office buildings, apartments and town houses. The Company's wholly-owned subsidiary, William Teron Limited is engaged in the development and construction of a 3,300 acre "New Town" known as Kanata on the western outskirts of Ottawa and when fully developed it is expected to have a population of 50,000 persons. As at April 30, 1968 the Company and its subsidiaries owned or had an interest in 54 revenue producing properties located across Canada having an aggregate gross leasable area of 4,475,538 square feet and 971 tenants. In addition to the foregoing the Company has presently under construction the Côte des Neiges Plaza and Place du Saguenay projects and the Simpsons-Sears Department Store in the Oshawa Shopping Centre.

INCORPORATION

The Company was incorporated under the laws of the Province of Ontario by Letters Patent dated October 13, 1917 with an authorized capital of 600,000 shares with a par value of \$5 each. Supplementary Letters Patent have been issued to the Company dated August 22, 1919 reducing the par value of each share from \$5.00 to \$4.00; June 12, 1935 further reducing the par value from \$4.00 to \$1.00 per share; July 2, 1957 further reducing the par value from \$1.00 to 40¢ per share and authorizing repayment to shareholders of 60¢ per share either in cash or in specie; August 27, 1957 increasing its authorized capital by creating 1,400,000 shares with a par value of 40¢ per share; May 20, 1958, among other things, changing the Company's name to United Principal Properties Limited and changing and increasing its capital to consist of 7,000,000 shares without par value; August 31, 1962, decreasing issued capital from \$15,183,421 to \$6,167,393; August 28, 1963, among other things, changing the Company's name to Canadian Interurban Properties Limited, consolidating the 6,600,000 issued and 400,000 unissued shares of the Company into 660,000 issued and 40,000 unissued shares without par value on the basis of one share for each 10 issued and unissued shares and increasing the authorized capital by 4,300,000 shares; April 20, 1967 increasing the authorized capital to 12,000,000 shares; June 24, 1968 designating the 12,000,000 shares without par value as 12,000,000 Common Shares without par value and increasing the capital by the creation of 1,500,000 Preference Shares with a par value of \$10.00 each; and July 19, 1968 providing for the first series of Preference Shares to consist of 800,000 shares designated as 7% Cumulative Redeemable Convertible Preference Shares Series A. The authorized capital now consists of 1,500,000 Preference Shares with a par value of \$10.00 each and 12,000,000 Common Shares without par value.

SHARES ISSUED DURING PAST TEN YEARS

| DATE OF ISSUE | NUMBER OF SHARES ISSUED | AMOUNT REALIZED PER SHARE | TOTAL AMOUNT REALIZED | PURPOSE OF ISSUE |
|---------------------------------------|---|---|-----------------------|--|
| July 6, 1959 | 380,000 (now 38,000) | \$3.00 | \$ 1,140,000 | To pay costs of warehouse additions, acquisition and development of Shopping Centre site, to pay accounts payable and accrued charges and to provide working capital |
| August 28, 1963 to September 30, 1963 | 3,493,000 | 3.00 | 10,479,000 | In connection with reorganization of the Company and a rights offering and subscription for shares |
| April 21, 1967 | 750,000 | 4.00 | 3,000,000 | Part payment of the purchase price of all outstanding shares of William Teron Limited |
| August 8, 1968 | 800,000 7% Cumulative Redeemable Convertible Preference Shares Series A and 400,000 Common Shares without par value in Units of two Preference Shares and one Common Share. | 10.00 per Preference Share (1) 7.44 per Common Share | 10,976,000 | Applied in connection with the Company's expansion programme by payment or reduction of consolidated bank loans of the Company and its subsidiaries and to the Company's working capital |

NOTE: (1) The Company paid a commission of 50¢ per 7% Cumulative Redeemable Convertible Preference Share Series A.

OPINION OF COUNSEL

Messrs. Fraser, Beatty, Tucker, McIntosh & Stewart, 320 Bay Street, Toronto, Ontario, Counsel for the Company are filing in support of this application an opinion stating, among other things, that (i) the Company is duly incorporated and is a valid and subsisting company in good standing under the laws of the Province of Ontario and (ii) the authorized capital of the Company consists of 1,500,000 Preference Shares with a par value of \$10.00 each, issuable in series, of which 800,000 shares have been designated as 7% Cumulative Redeemable Convertible Preference Shares Series A and 12,000,000 Common Shares without par value of which 800,000 7% Cumulative Redeemable Convertible Preference Shares Series A and 5,303,000 Common Shares have been issued and are outstanding as fully paid and non-assessable.

LISTING ON STOCK EXCHANGES

5,139,000 Common Shares of the Company are listed on the Montreal Stock Exchange. An application has been made to the Montreal Stock Exchange to list 800,000 7% Cumulative Redeemable Convertible Preference Shares Series A with a par value of \$10.00 each and an additional 400,000 Common Shares without par value and the Units consisting of two such Preference Shares and one Common Share. The shares of the Company under its then name of Kerr Lake Mines, Limited had been listed on the Toronto Stock Exchange and were delisted at the request of the Company in March, 1959.

SUBSIDIARY COMPANIES

| NAME | INCORPORATION | DATE | AUTHORIZED CAPITAL | ISSUED CAPITAL | PERCENTAGE OWNED | NATURE OF BUSINESS |
|---------------------------------------|------------------------|-------------------|--|--|------------------|---|
| Camurban Properties Limited | Quebec letters patent | January 17, 1964 | 40,000 Common Shares with a par value of \$1.00 each | 10,000 Common Shares | 60% | Owns 25 semi-detached 3 bedroom town houses known as Upper Trafalgar Place at the corner of Côte des Neiges and The Boulevard in Montreal |
| March Ridge Developments Limited | Ontario letters patent | January 29, 1962 | 60,000 6% non-cumulative redeemable non-participating Class A preference shares with a par value of \$10.00 each | 50,000 common shares | 100% | Inactive |
| The North Shore Shopping Centres Inc. | Quebec letters patent | June 30, 1961 | 200,000 3% non-cumulative non-voting participating Class B preference shares with a par value of \$1.00 each | 300 Common Shares with a par value of \$10.00 each | 100% | Owns two shopping centres, a bank building and vacant lands in the Province of Quebec |
| Place du Saguenay Inc. | Quebec letters patent | October 4, 1966 | 200 Common Shares with a par value of \$1.00 each | 10,000 Common Shares | 75% | Construction of enclosed mall regional shopping centre on 13.3 acres of land in Chicoutimi, Quebec |
| Place Longueuil Inc. | Quebec letters patent | February 21, 1964 | 200 Common Shares with a par value of \$100 each, 200 Preferred Shares with a par value of \$100 each | 200 Common Shares | 67% | Owns an enclosed mall centre in Longueuil, Quebec |

Canadian Interurban Properties Limited

800,000 7% Cumulative Redeemable Convertible Preference Shares
Series A with a par value of \$10 each
and
400,000 Common Shares without par value

To be offered in Units of 2 Preference Shares and 1 Common Share

The Series A Convertible Preference Shares will be entitled to fixed cumulative preferential cash dividends at the rate of 7% per annum, accruing from the date of the issue of such shares by the Company and payable quarterly on the last days of March, June, September and December in each year, and each Series A Convertible Preference Share will be convertible into 1½ Common Shares of the Company, all as more fully described in the summary of the provisions to be attached to the Series A Convertible Preference Shares contained on pages 16 to 18.

The outstanding Common Shares are presently listed on the Montreal Stock Exchange. Applications have been made to the Montreal Stock Exchange and The Toronto Stock Exchange to list the Series A Convertible Preference Shares and the Common Shares offered by this prospectus and the Units consisting of such Common Shares and Series A Convertible Preference Shares. Acceptance of these applications will be subject to the filing of required documents and evidence of satisfactory distribution, both within 90 days.

| | Price to Public | Underwriting Commission and Discount | Proceeds to the Company (1) |
|---------------|--------------------|--|--------------------------------|
| Per Unit..... | \$28.00 | \$1.56 | \$26.44 |
| Total..... | \$11,200,000 | \$624,000 | \$10,576,000 |

(1) Before deduction of expenses of issue payable by the Company, estimated at \$75,000.

We, as principals, offer these 800,000 Series A Convertible Preference Shares and 400,000 Common Shares in Units if, as and when issued by the Company and accepted by us, subject to prior sale and subject to the right to reject any application in whole or in part and to withdraw this offer at any time without prior notice. It is expected that certificates representing the Units will be available for delivery on or about August 8, 1968. Series A Convertible Preference Shares and Common Shares will only be transferable in Units and not separately until January 15, 1969 or such earlier date as the Company may designate on not less than fourteen days' notice to the registered holders of the Units.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The attention of purchasers in the Provinces of Alberta, Ontario and Saskatchewan of any of the securities covered by this prospectus which are offered in such Provinces is drawn to certain statutory provisions which permit such purchasers in certain events and subject to certain conditions

- (a) to withdraw from any agreement of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase is received by the vendor or his agent not later than midnight on the second business day after the final prospectus or amended final prospectus is received or deemed to be received by the purchaser or his agent; and
- (b) to rescind the agreement of purchase by institution of legal proceedings within ninety days from the date of receipt or deemed receipt of the final prospectus or an amended final prospectus by the purchaser or his agent or the date of the agreement of purchase, whichever is later, if such prospectus or amended prospectus, as of the date of receipt or deemed receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

The full text of such provisions is contained in Sections 63 and 64 of The Securities Act, 1967 (Alberta) and of The Securities Act, 1966 (Ontario) and in Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan).

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect that, where a security is offered to the public in the course of primary distribution,

- (a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports, as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice; and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or deemed to be received by him or his agent.

Reference is made to the said last mentioned Act for the complete text of the provisions under which the foregoing rights are conferred.

TABLE OF CONTENTS

| | Page |
|---|------|
| THE COMPANY | 4 |
| HISTORY | 4 |
| REVENUE PRODUCING PROPERTIES | |
| Shopping Centres | 4 |
| Commercial Properties | 5 |
| Residential Properties | 6 |
| Office and Industrial Properties | 6 |
| Rental Income | 7 |
| REVENUE PRODUCING PROPERTIES UNDER CONSTRUCTION | |
| Côte des Neiges Plaza | 7 |
| Place du Saguenay | 7 |
| Simpsons-Sears Department Store | 8 |
| LAND DEVELOPMENT — KANATA | 8 |
| LAND HELD FOR FUTURE DEVELOPMENT | |
| Upper Canada Place | 9 |
| Mount Bruno | 9 |
| Glenmore Lake | 10 |
| PRINCIPAL SHAREHOLDERS | 10 |
| MANAGEMENT | |
| Directors and Officers | 11 |
| Remuneration and Pension Benefits | 12 |
| Stock Purchase Plan | 12 |
| Options and Warrants | 12 |
| Interest of Management and Others | 12 |
| CAPITALIZATION | 14 |
| DETAILS OF THE SERIES A CONVERTIBLE PREFERENCE SHARES | |
| Dividends | 16 |
| Return of Capital | 16 |
| Purchase and Redemption | 16 |
| Conversion | 17 |
| Restrictions | 17 |
| Issue of Additional Preference Shares | 17 |
| Voting Rights | 18 |
| Amendment and Approval | 18 |
| DIVIDEND RESTRICTIONS | 18 |
| DETAILS OF COMMON SHARES | 18 |
| PLAN OF DISTRIBUTION | 18 |
| USE OF PROCEEDS | 19 |
| MATERIAL CONTRACTS | 19 |
| REGISTRAR AND TRANSFER AGENT | 20 |
| AUDITORS | 20 |
| LEGAL MATTERS | 20 |
| FINANCIAL STATEMENTS AND AUDITORS' REPORT | 21 |
| DIVIDEND RECORD | 27 |
| PREFERENCE SHARE DIVIDEND COVERAGE | 27 |
| PREFERENCE SHARE ASSET COVERAGE | 27 |
| CERTIFICATES | 28 |
| SCHEDULE | |
| Provisions attaching to the Preference Shares, as a Class | S-1 |
| Provisions to be attached to the Series A Convertible Preference Shares | S-5 |

THE COMPANY

Canadian Interurban Properties Limited (the "Company") is engaged directly and through subsidiaries in the development, ownership and management of revenue producing properties including shopping centres, commercial properties, office buildings, apartments and townhouses. The Company's wholly-owned subsidiary, William Teron Limited, is engaged in the development and construction of a 3,200 acre "New Town" known as Kanata on the western outskirts of Ottawa which when fully developed is expected to have a population in excess of 50,000 persons.

As at April 30, 1968 the Company and its subsidiaries (collectively "Canadian Interurban") owned or had an interest in 54 revenue producing properties located across Canada having an aggregate gross leasable area of 4,475,538 square feet and 971 tenants. In addition to the foregoing the Company presently has under construction the Côte des Neiges Plaza and Place du Saguenay projects and the Simpson-Sears department store in the Oshawa Shopping Centre which, when completed, will together add approximately 745,000 square feet of gross leasable area and over 100 tenants.

The consolidated net book value as at April 30, 1968 of revenue producing properties was \$73,929,000 and of land held for development was \$9,587,000. For the year ended December 31, 1967 consolidated rental income from revenue producing properties amounted to \$9,119,000 and consolidated cash flow from operations before mortgage principal payments amounted to \$2,522,000.

The address of the Company's head office is 170 Bay Street, Toronto, Ontario and the address of its executive office is 1 Place Ville Marie, Montreal, Quebec.

HISTORY

The Company was incorporated by Letters Patent under the laws of Ontario on October 13, 1917 under the name Kerr Lake Mines, Limited which was changed to United Principal Properties Limited in 1958 when it acquired extensive real estate holdings. In 1961 Foreign Power Securities Limited (now Warnock Hersey International Limited) acquired a substantial interest in the Company. In 1963 the name of the Company was changed to its present form, its capital was reorganized and Power Corporation of Canada, Limited and its subsidiaries acquired the controlling interest in the Company.

From 1958 to 1967 the Company's operations were confined to the purchase, development and management of revenue producing properties in major urban areas. The acquisition of William Teron Limited in 1967 broadened the Company's base of operations by the addition of the earnings potential of large-scale land development to the stable earnings and cash flow from revenue producing properties.

REVENUE PRODUCING PROPERTIES

Canadian Interurban's revenue producing properties as at April 30, 1968 had a gross leasable area of 4,475,538 square feet of which shopping centres accounted for 77.8%, commercial properties 11.3%, residential properties 7.5% and office and industrial properties 3.4%. The following information with respect to these properties is given as at April 30, 1968 unless otherwise indicated.

Shopping Centres

Canadian Interurban owned or had an interest in 23 shopping centres having a gross leasable area of 3,485,793 square feet of which approximately 97% was leased to 591 tenants. The centres are located on approximately 316 acres of land of which approximately 52.4 acres are being held for future expansion and development. Eleven are neighbourhood centres each containing less than 100,000 square feet of gross leasable area, seven are community centres each containing 100,000 to 300,000 square feet and the remaining five are regional centres each containing more than 300,000 square feet.

The majority of leases with retail tenants contain provisions requiring the payment of a percentage of sales as additional rental if sales exceed a specified volume. Most leases also contain clauses that

require the tenant to pay any increase in taxes over a base year, certain direct operating expenses and a proportion of the maintenance and operating expenses associated with the common areas of the shopping centre. This has the effect of substantially offsetting any increase in these expenses.

The approximate sales volumes of tenants with percentage rent clauses in their leases and the gross rental income of the shopping centres during the fiscal years set out below were as follows:

| | Year ended August 31 | | | | Year ended December 31 | |
|--|----------------------|----------|----------|----------|------------------------|--|
| | 1963 | 1964 | 1965 | 1966 | 1967 | |
| | (in thousands) | | | | | |
| Approximate sales volumes of retail tenants with percentage rent clauses(1)..... | \$49,700 | \$55,600 | \$68,200 | \$79,500 | \$97,300 | |
| Rental Income | | | | | | |
| Minimum rents..... | \$ 2,959 | \$ 3,522 | \$ 4,276 | \$ 4,993 | \$ 5,979 | |
| Recoveries and sundry income. | 383 | 317 | 765 | 858 | 1,263 | |
| Percentage rents..... | 223 | 261 | 307 | 473 | 539 | |
| Gross rental income(1)..... | \$ 3,565 | \$ 4,100 | \$ 5,348 | \$ 6,324 | \$ 7,781 | |

(1) The growth in sales volumes and gross rental income during the five-year period are in part attributable to the construction and acquisition of additional properties.

At December 31, 1967 retail tenants with percentage rent clauses occupied 2,029,032 square feet of the gross leasable area and their 1967 sales volume of approximately \$97,300,000 represents an average sales volume for that year of \$47.95 per square foot. The foregoing does not include the sales of certain tenants such as Eatons and, in certain locations, Loblaws and Steinberg's.

The major regional shopping centres are the Oshawa Shopping Centre, Wellington Square Shopping Centre and Place Longueuil.

The Oshawa Shopping Centre is an open mall unit comprising 473,600 square feet of gross leasable area including a 143,188 square foot department store which is leased to Eatons and which is soon to be expanded by a further 20,000 square feet. The centre contains 52 additional retail tenants and 21 office tenants. The Company is presently engaged in constructing a 127,000 square foot department store which Simpsons-Sears has agreed to lease. Completion of this store will consolidate the centre's position as the major shopping centre in the Oshawa region. Further plans contemplate the enclosing of the mall and the construction of additional retail space.

The Wellington Square Shopping Centre, in which the Company has a 45.75% interest and which it manages, is located on 5.7 acres in downtown London, Ontario. Integrated with multi-level parking facilities, it contains 410,544 square feet of gross leasable area, including a 243,278 square foot department store leased to Eatons. This centre was the first major enclosed mall shopping centre in Canada and the aggregate sales volumes of tenants has risen annually since its opening in 1960.

Place Longueuil, in which the Company has a 67% interest, is an enclosed mall centre with 48 tenants occupying 316,955 square feet of gross leasable area including a 149,477 square foot department store and a 50,860 square foot supermarket, both of which are leased to Steinberg's. Located in Longueuil, Quebec, opposite Montreal, it is adjacent to the south shore subway terminal and the entrance to the Jacques Cartier Bridge. The centre serves high density areas on both sides of the St. Lawrence River and in 1967, its first full year of operation, percentage rents of \$37,590 were received.

Commercial Properties

Canadian Interurban owns or has an interest in 26 commercial properties having a gross leasable area of 505,800 square feet, situated on an aggregate of approximately 7.5 acres located in the urban areas of Metropolitan Toronto, Kingston, Belleville, Orillia, St. Catharines, Niagara Falls, Welland,

Kitchener, Gagnon, Regina, Medicine Hat and Lethbridge. These properties have 94 tenants and gross rental income during the fiscal years set out below was as follows:

| | Year ended August 31 | | | Year ended December 31 | |
|---------------------------------|----------------------|----------------|----------------|------------------------|--------------|
| | 1963 | 1964 | 1965 | 1966 | 1967 |
| (in thousands) | | | | | |
| Rental Income | | | | | |
| Minimum rents..... | \$1,058 | \$1,137 | \$1,168 | \$1,004 | \$800 |
| Recoveries and sundry income... | 75 | 76 | 129 | 99 | 112 |
| Percentage rents..... | 48 | 36 | 48 | 52 | 59 |
| | \$1,181 | \$1,249 | \$1,345 | \$1,155 | \$971 |

The decline in rental income from commercial properties in 1966 and 1967 is due to the sale of certain properties on which the Company realized a surplus on disposal aggregating \$1,647,000. While a number of the remaining properties are relatively small in size, they are strategically located and have consistently earned a satisfactory return.

Residential Properties

Canadian Interurban's residential holdings comprise the Claridge Apartments in Quebec City and townhouses in Ottawa and Montreal. The Claridge Apartments is an 11-storey prestige apartment building centrally located in Quebec City. The building is situated on 38,700 square feet of land with a full city block frontage on Grande Allée Est and contains 85 apartment units of three to seven rooms. The ground floor is leased for commercial purposes.

As at April 30, 1968 the Company's subsidiary, William Teron Limited, owned 180 townhouses located on approximately 18 acres in its Kanata development. These townhouses have been built in clusters intermingled with other residential units within the community and offer two and three bedroom accommodation and covered parking facilities. Since completion occupancy has been almost 100% at competitive rentals which presently range from \$175 per month for two-bedroom to \$190 per month for three-bedroom units.

The Company has a 60% interest in Canurban Properties Limited which owns 25 semi-detached three-bedroom townhouses known as Upper Trafalgar Place and located on the west side of Mount Royal at the corner of Côte des Neiges and The Boulevard in Montreal. Completed in the fall of 1967 these units are now being offered for rent. These units are not included in the details given in the second paragraph under the heading "The Company" on page 4 as no revenue had been received from them to April 30, 1968, but they are included in the consolidated net book value of revenue producing properties referred to in the third paragraph under such heading as revenue is now being received from them.

Gross rental income (including sundry income) from residential properties for the year ended December 31, 1967 amounted to \$515,819.

Office and Industrial Properties

The Company owns the eight-storey Rayonier Building located on 15,487 square feet of land at the corner of Georgia and Thurlow Streets in downtown Vancouver. This building is fully leased to 17 tenants, the principal one being Rayonier Canada Limited which occupies the top three floors. The Company has a 51% interest in the 12-storey Western Union Insurance Building which is located on 9,775 square feet of land in downtown Calgary adjacent to the Elveden House complex. This building was completed in 1966 and is fully leased to nine tenants including Canadian Industrial Gas & Oil Ltd. which leases the top four floors and Western Union Insurance Company which leases one of the podium floors. The Company also owns an industrial plant located on one acre of land in Mississauga, Ontario which is leased on a net basis to Sandra Instant Coffee Company Limited.

Gross rental income (including recoveries and sundry income) from office and industrial buildings for the year ended December 31, 1967 amounted to \$578,376.

Rental Income

The gross rental income from the revenue producing properties in which Canadian Interurban held an interest during the fiscal years set out below was as follows:

| | Year ended August 31 | | | Year ended December 31 | |
|--|----------------------|----------------|----------------|------------------------|----------------|
| | 1963 | 1964 | 1965 | 1966 | 1967 |
| Rental Income | | | (in thousands) | | |
| Minimum rents..... | \$4,075 | \$4,894 | \$5,840 | \$6,501 | \$7,823 |
| Recoveries and sundry income.... | 460 | 398 | 919 | 996 | 1,424 |
| Percentage rents..... | 271 | 297 | 355 | 524 | 598 |
| Gross rental income..... | 4,806 | 5,589 | 7,114 | 8,021 | 9,845 |
| Less interest of others as tenants in common..... | 168 | 123 | 918 | 791 | 726 |
| Consolidated rental income..... | <u>\$4,638</u> | <u>\$5,466</u> | <u>\$6,196</u> | <u>\$7,230</u> | <u>\$9,119</u> |

REVENUE PRODUCING PROPERTIES UNDER CONSTRUCTION

Côte des Neiges Plaza

The Company is presently constructing a commercial complex with 415,000 square feet of gross leasable area on 13.5 acres of leased land located on Côte des Neiges Road occupying the full block frontage between Barclay Avenue and Mackenzie Street in Montreal. The trading area for this centre has one of the highest residential densities in the Montreal area, with up to 80 families to the acre in the immediate surroundings. The complex comprises a two-level enclosed mall shopping centre containing 347,000 square feet of retail space, a six-storey office building, a twin 1,100 seat theatre, and multi-level parking for 900 cars tied directly into the retail sector. The project is scheduled for completion in the fall of 1968 and 330,000 square feet or 95% of the retail space is presently leased, including a 157,700 square foot department store and a 41,500 square foot supermarket, both of which are leased to Steinberg's.

The theatre is leased to NGC Cinemas Ltd. and Robin Hood Floor Mills Limited has agreed to lease 40% of the office building above the ground floor. Existing lease commitments provide for minimum annual rentals of more than \$1,275,000 and when fully leased the project will have an estimated minimum annual rental of approximately \$1,560,000. The estimated cost of this project is \$10 million of which at April 30, 1968 approximately \$2,860,000 had been incurred and approximately \$2,360,000 had been paid. The Company has arranged first mortgage financing on this project amounting to approximately \$6,250,000 and the balance of the estimated cost will be financed out of the cash flow of Canadian Interurban.

A second stage of the development of this site, to consist of more than 500 apartment units, is being planned for construction at some time in the future.

The land is held under a forty year lease with two ten-year renewal options. Rentals under this lease vary from \$60,000 to \$295,000 per annum over the entire period, with an average annual rental of \$186,000 for the next ten years.

Place du Saguenay

Place du Saguenay, Inc., in which the Company holds a 75% interest, is presently constructing an enclosed mall regional shopping centre situated on 13.3 acres of land in Chicoutimi, Quebec. The centre will contain 204,000 square feet of gross leasable area integrated with an 80,000 square foot department store owned by Simpsons-Sears Limited. Leases or agreements to lease have been entered

into for 180,000 square feet or 90% of the shopping centre space including a 73,000 square foot department store leased to Zellers, a 50,000 square foot department store leased to Steinberg's and a 25,360 square foot supermarket which Dominion Stores has agreed to lease. Completion of the entire centre is scheduled for October, 1968 except for the Steinberg's department store which is scheduled for completion in March, 1969. Existing lease commitments provide for minimum annual rentals of \$388,500 and when fully leased the centre will have an estimated minimum annual rental of approximately \$450,000. The estimated cost of the shopping centre is \$3,500,000 of which at April 30, 1968 approximately \$1,510,000 had been incurred and approximately \$1,150,000 had been paid. A secured note issue of Place du Saguenay, Inc., to be guaranteed by the Company, of approximately \$2,500,000 has been arranged and the balance of the estimated cost will be financed out of the cash flow of Canadian Interurban.

Simpsons-Sears Department Store

The Company is constructing a 127,000 square foot department store as an addition to its Oshawa Shopping Centre. This store is scheduled to open in August, 1968 and Simpsons-Sears Limited has agreed to lease it on a net basis. The estimated cost of this addition is \$2,300,000 of which at April 30, 1968 approximately \$1,550,000 had been incurred and approximately \$1,030,000 had been paid. Mortgage financing of \$1,500,000 has been arranged and the balance of the estimated cost will be financed out of the cash flow of Canadian Interurban.

LAND DEVELOPMENT — KANATA

The Company's wholly-owned subsidiary, William Teron Limited, owns a large tract of land to the west of the City of Ottawa which it is currently developing into a satellite community known as Kanata. The 3,200 acres which comprise Kanata, equivalent to five square miles, are all located within the township of March and form part of the western boundary of the Ottawa River drainage basin.

Kanata is located approximately 12 miles from the centre of downtown Ottawa, to which it has access by the Trans Canada Highway and Highway 15. The Queensway is the major east-west limited access highway bisecting metropolitan Ottawa and contracts have been let for its extension to the eastern boundary of Kanata where an interchange is to be constructed. Kanata will be within 15 minutes of downtown Ottawa upon the completion of this extension which is scheduled for the spring of 1969. It is expected that the Queensway will eventually be extended further west and that a second interchange will be constructed on Kanata's western limits.

Directly east of Kanata is a greenbelt which surrounds the entire metropolitan area of Ottawa. This greenbelt, comprising approximately 40,000 acres owned by the National Capital Commission, is being held in reserve as parkland with a small acreage to be used for the establishment of research facilities and government agencies. Kanata is presently serviced from a municipal reservoir and a trunk sewer is under construction which, when completed, will connect Kanata to the Ontario Water Resources Commission sewage purification plant located in the greenbelt adjacent to the property.

Approximately 250 acres have been developed and, as at April 30, 1968, 2,958 acres were available for residential, commercial and industrial development. The current population of Kanata is in excess of 2,500 persons and, to April 30, 1968, 320 single family dwelling units and 180 rental townhouses had been constructed, together with a public and a separate school, two office buildings, together containing 11,000 square feet, and a neighbourhood shopping centre of 23,000 square feet including a 12,480 square foot supermarket leased to A & P Stores. A nine-hole golf course was completed this spring and will be enlarged to eighteen holes in the near future.

The overall development plan for Kanata is based on clusters of single and multiple dwelling units forming integrated neighbourhoods, each of which will contain about 800 units and will support its own public school. Within Kanata three neighbourhoods are intended to form a community and each community centre is planned to contain a shopping centre, a library, a medical centre and recreational facilities including a swimming pool and tennis courts. When fully developed it is envisaged that Kanata will comprise five communities, of which it is proposed that three will be of medium density containing

single dwelling units and townhouses, one will be a low density community surrounding the golf course and one will consist of high density multiple dwelling units surrounding the town centre. The town centre will be developed in stages and as projected will eventually contain Kanata's regional shopping area, various cultural facilities, a hotel and convention centre, facilities for police and fire departments, a council chamber and civic administration offices.

In developing Kanata, William Teron Limited acts as the general contractor for all construction and maintains control over architectural design and colour schemes of all construction including single dwelling units purchased by individuals. To date, William Teron Limited has retained ownership of all the revenue producing properties within Kanata being the townhouses and the neighbourhood shopping centre. It is about to commence construction of an eight-storey apartment building at an estimated cost of \$1,100,000 which is scheduled for completion in the spring of 1969 and will contain 85 rental units. First mortgage financing of approximately \$850,000 has been arranged and the balance of the estimated cost will be financed out of the cash flow of Canadian Interurban. The full development of Kanata is expected to take approximately 15 to 20 years with construction accelerating as the development of the community progresses.

LAND HELD FOR FUTURE DEVELOPMENT

Upper Canada Place

The Company has a 66 2/3% interest in 64,180 square feet of land adjacent to the north-east corner of Bloor and Yonge Streets in mid-town Toronto. This site abuts a further 59,833 square feet owned by the Municipality of Metropolitan Toronto fronting on both Bloor and Yonge Streets. The corner itself, comprising 6,900 square feet, is owned by a chartered bank. Negotiations are advancing to lease the land owned by the Municipality of Metropolitan Toronto and the chartered bank so as to combine these three parcels into a single unit to be developed into a retail, commercial and residential complex, incorporating the Bloor-Yonge subway station. This property is located at one of Toronto's major commercial crossroads and the intersection of the north-south and east-west subway routes.

A plan for the whole of the above area has been developed and filed with the Municipality of Metropolitan Toronto, which envisages a 33-storey hotel and apartment building, a 19-storey office building with a net leasable area of 188,000 square feet, a multi-level retail shopping area containing 122,000 square feet of gross leasable area and a multi-level parking facility for over 700 cars. Preliminary estimates indicate that this project will cost between \$25 and \$30 million. Development of the project is subject to a number of factors including the approval of the plan by the requisite authorities, the conclusion of satisfactory lease arrangements with the Municipality of Metropolitan Toronto and the chartered bank, the availability of mortgage financing at suitable rates and the real estate market.

Mount Bruno

William Teron Limited recently purchased 737 acres of land, surrounding five lakes having an area of 163 acres, located on the upper portion of Mount Bruno, Quebec. Under the purchase agreement William Teron Limited has made a cash payment of \$350,000 and the balance of the purchase price is payable over a maximum period of 16 years. Future payments depend on the rate at which William Teron Limited "draws down" or acquires releases of property. During the first five years William Teron Limited may draw down property without obligation to do so, at a specified price which, if all the property were drawn down, would result in a total price of \$2,500,000. In the sixth to sixteenth years William Teron Limited is required to draw down a minimum amount each year at increasing rates which could bring the total price of the property to approximately \$4,000,000. No interest is payable on the balance of the purchase price during the first year and thereafter interest, calculated on the basic price of \$2,500,000 only, is payable at the rate of 3% during the next four years and at the rate of 6% thereafter. The Company has guaranteed William Teron Limited's obligations under the purchase agreement.

This property is within a 25-minute drive from central Montreal via limited-access arterial highways. Preliminary land use studies suggest a development of about 3,500 to 4,000 residential units

made up of single-family homes and rental units of various types. Ancillary buildings are expected to include schools and a neighbourhood shopping and community centre. Commencement of construction will depend on real estate market conditions and the availability of suitable mortgage financing.

Glenmore Lake

The Company recently acquired a 66 $\frac{2}{3}$ % interest in 27.2 acres of land on the shores of Glenmore Lake in south-west Calgary for an aggregate consideration of \$500,000. The unpaid balance of \$450,000 is payable over a period of eight years ending in 1976 and bears interest at 6%. The initial plan provides for 1,200 rental units in seven high-rise apartment buildings, together with a 40,000 square foot shopping centre. The design permits phasing of this project and start of construction is contingent on the rental market in Calgary and the availability of suitable mortgage financing.

PRINCIPAL SHAREHOLDERS

As at June 15, 1968 the number of Common Shares of the Company owned of record or beneficially, directly or indirectly, by each person or company who owns of record, or is known by the Company to own beneficially, directly or indirectly, more than 10% of the Common Shares of the Company was as follows:

| Name and Address | Type of Ownership | Number of Common Shares Owned | Percentage of Outstanding Common Shares |
|---|--|--------------------------------|---|
| Power Corporation of Canada, Limited, 1 Place Ville Marie, Montreal, Quebec | Of record and beneficial Beneficial(1) | 272,800 shs. 3,150,200 shs. | 5.56% 64.25% |
| William Teron, 8 Qualicum Street, Ottawa, Ontario | Of record and beneficial Beneficial(2) | 100 shs. 750,000 shs. | — 15.29% |

(1) Of these shares shown as beneficially owned by Power Corporation of Canada, Limited, 2,400,000 shares are of record in the name of and are beneficially owned by its wholly-owned subsidiary Shawinigan Industries Limited, 1 Place Ville Marie, Montreal, Quebec and 750,000 shares are of record in the name of and are beneficially owned by Trans-Canada Corporation Fund, 1 Place Ville Marie, Montreal, Quebec, a partly-owned subsidiary of Power Corporation of Canada, Limited. Because of the subsidiary relationship all such shares are considered under the provisions of securities legislation to be beneficially owned by Power Corporation of Canada, Limited.

(2) These shares shown as beneficially owned by William Teron are of record in the name of the Trustees of The William Teron Children's Trust, 251 Laurier Avenue West, Ottawa, Ontario and are beneficially owned by Etron Limited, Beaverbrook Road, Kanata, Ontario, which is controlled by William Teron. Because of such control all such shares are considered under the provisions of securities legislation to be beneficially owned by William Teron. Under an agreement dated January 31, 1967 between Power Corporation of Canada, Limited, William Teron and the Trustees of The William Teron Children's Trust, Power Corporation of Canada, Limited is obligated under certain circumstances to purchase or cause to be purchased Common Shares of the Company now in the name of the said Trustees and Common Shares which may be acquired by William Teron upon the exercise of any of the share purchase warrants referred to under "Interest of Management and Others" on page 12 and Power Corporation of Canada, Limited has the right under certain circumstances to purchase any Common Shares of the Company which William Teron or the said Trustees desire to sell.

As at June 15, 1968 the directors and senior officers of the Company as a group beneficially owned, directly or indirectly: (i) 1,083,937 Common Shares of the Company, representing 22.11% of such Common Shares then outstanding; (ii) 2,216,825 5% cumulative redeemable convertible second preferred shares series "A" of Power Corporation of Canada, Limited, representing 61.95% of such second preferred shares then outstanding; (iii) 805,930 6% non-cumulative participating preferred shares of Power Corporation of Canada, Limited, representing 67.47% of such participating preferred shares then outstanding; and (iv) 191,840 common shares of Power Corporation of Canada, Limited, representing 3.10% of such common shares then outstanding.

MANAGEMENT

Directors and Officers

The names and home addresses in full of the directors and officers of the Company, the positions and offices in the Company held by each of them, and the principal occupation of each during the past five years are as follows:

| Name and Home Address | Office | Principal Occupation |
|---|---|---|
| William Howard Wert, C.A., 763 Upper Lansdowne Avenue, Westmount, Quebec. | Chairman of the Board and Director | President of Warnock Hersey International Limited since January 1, 1968, previously President of International Bronze Powders Limited |
| James Arthur Lowden, 216 Wolseley Avenue North, Montreal West, Quebec. | President and Director | President of the Company |
| Peter Nesbitt Thomson, R.R. No. 1, Pointe Cavagnal, Vaudreuil, Quebec. | Vice-President and Director | A senior officer, now Deputy Chairman, of Power Corporation of Canada, Limited |
| William Teron, 8 Qualicum Street, Ottawa, Ontario. | Vice-President, Planning and Development and Director | President of William Teron Limited |
| Hon. John Black Aird, Q.C., 2 Glenallan Road, Toronto, Ontario. | Director | Partner of Messrs. Edison, Aird & Berlis, Barristers and Solicitors |
| Paul Desmarais, 29 Ramezay Road, Westmount, Quebec. | Director | Chairman and Chief Executive Officer of Power Corporation of Canada, Limited since May 15, 1968, previously President or senior officer of Gelco Enterprises Ltd. |
| Arthur Ferdinand Mayne, 342 Redfern Avenue, Westmount, Quebec. | Director | Executive Vice-President of a Canadian chartered bank |
| Jean Simard, 159 Les Erables, Laval-sur-le-Lac, Quebec. | Director | Vice-President of Marine Industries Limited |
| Francis Dorland Trebell, 6145 St. Georges Crescent, West Vancouver, British Columbia. | Director | President of Yorkshire Financial Corporation since October 1, 1965, previously Vice-President and General Manager of Greenshields Incorporated |
| William Ian MacKenzie Turner, Jr., 4294 Montrose Avenue, Westmount, Quebec. | Director | A senior officer, now President, of Power Corporation of Canada, Limited |
| Patrick Alan Saunderson, 1 Rosedale Road, Toronto, Ontario. | Vice-President and General Manager | Vice-President and General Manager of the Company since January 18, 1966, previously a senior officer of R.I.M. Co. Ltd. |

| Name and Home Address | Office | Principal Occupation |
|---|---|---|
| Jack Benson Whitely, 3 The Green Pines, Etobicoke, Ontario. | Vice-President, Finance | Vice-President, Finance of the Company since April 15, 1968, previously Vice-President of Annett Partners Limited |
| William George Easton Lannaman, C.A., 107 Embleton Crescent, Pointe Claire, Quebec. | Secretary and Treasurer | Secretary-Treasurer of Power Corporation of Canada, Limited |
| Helen Elizabeth McDonald, C.A., 44 Dunfield Avenue, Toronto, Ontario. | Comptroller and Assistant Secretary | Comptroller and Assistant Secretary of the Company since January 18, 1966, previously a senior officer or employee of R.I.M. Co. Ltd. |
| Thomas Jefferson Rappell, 4822 Mayfair Avenue, Montreal, Quebec. | Assistant Secretary | An officer, now Assistant Secretary, of the Company |

Remuneration and Pension Benefits

The aggregate direct remuneration paid by the Company and its subsidiaries to the directors and senior officers of the Company for the fiscal year ended December 31, 1967 was \$141,000 and for the five months ended May 31, 1968 was approximately \$52,446. The cost to the Company's subsidiary, William Teron Limited, in its fiscal year ended December 31, 1967, of all pension benefits proposed to be paid under its normal pension plan in respect of directors and senior officers of the Company was \$700.

Stock Purchase Plan

On January 11, 1968 the Company created a stock purchase plan under which the Company advanced moneys to trustees to enable them to purchase Common Shares of the Company, to be made available for acquisition by certain employees including senior officers at the market price prevailing on the date the employees agree to acquire such shares through the trustees. Under this plan the trustees purchased 64,000 outstanding Common Shares which were sold by the trustees to senior officers at a price of \$3.15 per share payable to the trustees in annual instalments during the next four to nine years.

The plan is to be amended as of April 30, 1968 to permit the trustees to purchase, with funds to be advanced by the Company, an additional 86,000 Common Shares of the Company from treasury to be made available for purchase by designated senior officers and employees (not then directors or shareholders of the Company) who have agreed to purchase 69,700 of these additional Common Shares at \$3.85 per share. The remaining 16,300 shares are being reserved for future issuance under the plan.

Options and Warrants

As of January 1, 1967 the Company granted to a senior officer an option, now outstanding, to purchase 25,000 Common Shares of the Company at a price of \$4 per share which option may be exercised at any time on or before December 31, 1971. The price of the Common Shares on the Montreal Stock Exchange during the 30 days preceding the granting of this option ranged from a low of \$2.40 per share to a high of \$2.60 per share.

The Company has outstanding share purchase warrants issued to a senior officer entitling the holders thereof to purchase in the aggregate 125,000 Common Shares of the Company at a price of \$4 per share at any time up to and including the close of business on December 31, 1971.

Interest of Management and Others

Pursuant to an agreement dated February 2, 1967 and made between William Teron, the Trustees of The William Teron Children's Trust, the Company and William Teron Limited, the Company pur-

chased, as of January 1, 1967, all the outstanding preference and common shares of William Teron Limited from William Teron and the Trustees of The William Teron Children's Trust. At the time of such acquisition, William Teron Limited owned the Kanata development and its construction and related operations and certain other assets. The only assets of William Teron Limited in which the Company was interested were the Kanata development and its construction and related operations and, accordingly, it was agreed, as part of the transaction, that the vendors or their nominees would purchase from William Teron Limited such other assets of that company.

The consideration paid by the Company for the purchase of all of the preference and common shares of William Teron Limited outstanding at the time of acquisition was as follows:

- (i) \$500,000 cash plus an additional amount equal to the purchase price of the assets of William Teron Limited to be sold by it,
- (ii) 750,000 Common Shares in the capital of the Company valued by the Board of Directors for this purpose at \$4 per share,
- (iii) \$900,000 principal amount of 4½% Subordinated Debentures of the Company dated January 1, 1967 and maturing on December 31, 1976, and
- (iv) share purchase warrants (being the warrants referred to under "Options and Warrants") entitling the holders thereof to subscribe for an aggregate of 125,000 Common Shares in the capital of the Company on or before December 31, 1971 at a price of \$4 per share.

The Subordinated Debentures above referred to may be applied at the principal amount thereof against payment of the subscription price of Common Shares purchased under the said share purchase warrants.

Immediately following the acquisition by the Company of all of the then outstanding preference and common shares of William Teron Limited, Etron Limited, a company controlled by William Teron, purchased from William Teron Limited the other assets of that company which were to be sold as above mentioned for the price of \$439,238.03, representing the book value of the nondepreciable assets and the undepreciated capital cost of the depreciable assets so sold by William Teron Limited. William Teron Limited subsequently redeemed sufficient of the preference shares which the Company had purchased so that the Company received back an amount equal to the price of the assets so sold by William Teron Limited, namely, \$439,238.03. The result was that the Company concluded the transaction by owning all the common shares and the remaining preference shares of William Teron Limited for a net cash investment of \$500,000 and the other consideration outlined above and William Teron Limited was the owner of the Kanata development and its construction and related operations, which were its only assets in which the Company was interested. In connection with the transaction, William Teron entered into a five-year employment contract with the Company which terminates, however, if he should cease to be a director and member of the executive committee of the Company and a vice-president of the Company.

After the completion of this acquisition, William Teron Limited completed three construction contracts on properties in which Mr. Teron had an interest or which he controlled. The total price of such contracts was approximately \$2,153,000 and in respect of these William Teron Limited made an operating profit of approximately \$75,500. Also after the completion of this acquisition William Teron Limited completed the Qualicum subdivision in which 25 lots were required to be purchased for such completion. Such purchase was made from a company controlled by Mr. Teron for a consideration of \$253,000.

The Company and its subsidiaries have been parties to construction contracts with Inspiration Limited and/or its subsidiaries involving payments and commitments by the Company and/or its subsidiaries aggregating approximately \$19,600,000 during the period June 1, 1965 to the date hereof. Inspiration Limited is a subsidiary of Power Corporation of Canada, Limited which, as referred to under the heading "Principal Shareholders" on page 10, as at June 15, 1968 owned, directly or indirectly through its subsidiaries Shawinigan Industries Limited and Trans-Canada Corporation Fund, 3,423,000 Common Shares of the Company.

CAPITALIZATION

| Designation of Securities | Authorized | Outstanding at April 30, 1968 | Outstanding at May 31, 1968 | To be outstanding upon completion of the financing |
|--|------------|-------------------------------------|-----------------------------------|--|
| LONG TERM DEBT(1) | | | | |
| The Company | | | | |
| Mortgages due from April 30, 1968 | | | | |
| — within one year | | \$ 1,788,154 | \$ 1,753,773 | \$ 1,753,773 |
| — within 2 to 5 years | | 847,622 | 1,594,959 | 1,594,959 |
| — within 6 to 10 years | | 4,840,246 | 4,831,789 | 4,831,789 |
| — after ten years | | 20,514,633 | 20,474,432 | 20,474,432 |
| | | <hr/> 27,990,655 | <hr/> 28,654,953 | <hr/> 28,654,953 |
| First Mortgage Bonds (2) | | | | |
| 5 3/4% Series A due 1976 | \$ 300,000 | 108,000 | 102,000 | 102,000 |
| 5 1/2% Series B due 1978 | 675,000 | 341,500 | 341,500 | 341,500 |
| 5 1/2% Series C due 1975 | 500,000 | 150,000 | 140,000 | 140,000 |
| 7 1/2% Sinking Fund due 1992 | 3,000,000 | 2,955,000 | 2,955,000 | 2,955,000 |
| | | <hr/> 3,554,500 | <hr/> 3,538,500 | <hr/> 3,538,500 |
| Debentures and Notes (3) | | | | |
| 4 1/2% Subordinated Debentures due 1976 | 900,000 | 900,000 | 900,000 | 900,000 |
| 6% Notes due to 1971 | 570,000 | 456,000 | 456,000 | 456,000 |
| | | <hr/> 1,356,000 | <hr/> 1,356,000 | <hr/> 1,356,000 |
| Total long term debt of the Company .. | | <hr/> \$32,901,155 | <hr/> \$33,549,453 | <hr/> \$33,549,453 |
| Subsidiary Companies | | | | |
| Place Longueuil, Inc. | | | | |
| 7 1/2% First Mortgage Sinking Fund Bonds Series A due 1997 (4) | 6,000,000 | \$ 5,700,000 | \$ 5,700,000 | \$ 5,700,000 |
| Place du Saguenay, Inc. | | | | |
| Mortgage due 1971 | | 100,000 | 100,000 | 100,000 |
| Canurban Properties Limited | | | | |
| Mortgages due 1977 | | 991,634 | 990,319 | 990,319 |
| Sixth Street Building Ltd. | | | | |
| Mortgage due 1992 | | 1,482,014 | 1,479,960 | 1,479,960 |
| U.P.D. Holdings Limited | | | | |
| Mortgage due 1975 | | 219,688 | 219,131 | 219,131 |
| North Shore Shopping Centres Inc. | | | | |
| Mortgages due from April 30, 1968 | | | | |
| — within 2 to 5 years | | 780,825 | 779,992 | 779,992 |
| — within 6 to 10 years | | 300,083 | 297,927 | 297,927 |
| — over 10 years | | 57,358 | 57,185 | 57,185 |
| William Teron Limited | | | | |
| Mortgages due from April 30, 1968 | | | | |
| — within one year | | 223,746 | 183,858 | 183,858 |
| — within 2 to 5 years | | 1,158,212 | 1,157,155 | 1,157,155 |
| — within 6 to 10 years | | 1,685,666 | 1,685,111 | 1,685,111 |
| — over 10 years | | 1,018,781 | 1,017,561 | 1,017,561 |
| 6% Notes due 1974 | 756,380 | 756,380 | 756,380 | 756,380 |
| Total long term debt of subsidiary companies | | <hr/> \$14,474,387 | <hr/> \$14,424,579 | <hr/> \$14,424,579 |
| Total long term debt of the Company and its subsidiaries | | <hr/> \$47,375,542 | <hr/> \$47,974,032 | <hr/> \$47,974,032 |

CAPITALIZATION (continued)

| Designation of Securities | Authorized | Outstanding at April 30, 1968 | Outstanding at May 31, 1968 | To be outstanding upon completion of the financing |
|---|----------------------------------|-------------------------------------|-----------------------------------|--|
| SHORT TERM DEBT OF THE COMPANY | | | | |
| 8½% Note payable to Power Corporation of Canada, Limited (5)..... | | \$ 500,000 | \$ 500,000 | \$ 500,000(5) |
| MINORITY INTERESTS IN SUBSIDIARY COMPANIES | | | | |
| Common shares and retained earnings... | | \$ 73,079 | \$ 73,079 | \$ 73,079 |
| CAPITAL STOCK | | | | |
| Preference Shares with a par value of \$10 each, issuable in series..... | 1,500,000 shs. (\$15,000,000) | | | |
| 7% Cumulative Redeemable Convert- ible Preference Shares Series A..... | | — | — | 800,000 shs. (\$ 8,000,000) |
| Common Shares without par value..... | 12,000,000 shs. (6) | 4,903,000 shs. (\$19,646,393) | 4,903,000 shs. (\$19,646,393) | 5,303,000 shs. (\$22,622,393) |

- (1) There were outstanding at April 30, 1968, numerous mortgages covering individual properties owned by the Company and its subsidiaries. It is not practicable to state the aggregate initial amount of these mortgages at their respective dates of issue or assumption thereof. These mortgages bear interest at varying rates ranging from 4½% to 9½% per annum. Aggregate interest paid by the Company and its subsidiaries on outstanding mortgages during the 12 months ended December 31, 1967 was \$2,598,693 and during the four months ended April 30, 1968 was \$845,375.
- (2) The 5¼% First Mortgage Bonds Series A, 5½% First Mortgage Bonds Series B and 5½% First Mortgage Bonds Series C were issued under a Deed of Trust and Mortgage dated as of November 1, 1951 and indentures supplemental thereto. No further bonds may be issued under this Deed of Trust and Mortgage which constitutes a first fixed and specific mortgage, pledge and charge of and upon three commercial properties owned by the Company. The 7½% First Mortgage Sinking Fund Bonds were issued under a Deed of Trust and Mortgage and a Trust Deed of Hypothec, Mortgage, Pledge, Cession and Transfer dated as of January 2, 1967 and no further bonds may be issued thereunder. The last two Deeds constitute a first fixed and specific hypothec, mortgage, pledge and charge of and upon six shopping centres owned by the Company.
- (3) Interest on the 4½% Subordinated Debentures due 1976 is payable only out of and to the extent of profits earned by the Company in the immediately preceding calendar year, but all due and unpaid interest accumulates and is payable in the next succeeding year to the extent of profits earned in such succeeding year and interest remaining due and unpaid at maturity is payable at maturity.
- (4) The amount of First Mortgage Bonds of Place Longueuil, Inc. which may be issued is limited to \$9,500,000. Bonds in addition to the 7½% First Mortgage Bonds Series A may be issued only upon the terms and conditions set out in the Trust Deed of Hypothec, Mortgage and Pledge pursuant to which the said Bonds were issued. Such Trust Deed constitutes a first, fixed and specific hypothec, mortgage, pledge and charge of and upon the Place Longueuil Shopping Centre and a first floating charge upon all other assets of Place Longueuil, Inc.
- (5) This Note, which was secured by assignment of advances to be received under a mortgage, was repaid on June 5, 1968. On June 17, 1968 the Company borrowed \$500,000 from its parent, Power Corporation of Canada, Limited, and issued an 8½% note to its parent payable on August 26, 1968. This note is secured by an assignment of an advance to be received under a mortgage. In the ordinary course of business the Company may in the future borrow further moneys from its parent and from its bankers.
- (6) Of which 25,000 Common Shares are reserved for the exercise of a share option granted to an officer, 125,000 Common Shares are reserved for the exercise of outstanding share purchase warrants and 86,000 Common Shares are reserved for issuance under the Company's stock purchase plan, particulars of all of which are set forth on page 12. Upon the exercise in full of the conversion privilege to attach to the Series A Convertible Preference Shares offered by this prospectus as described on page 17, 1,200,000 additional Common Shares will be outstanding.
- (7) Reference is made to Note 9 to the consolidated financial statements on page 25 for details of certain obligations of the Company under leases entered into by it as lessee.

- (8) The Company has arranged first mortgage and secured note financing in an approximate aggregate amount of \$10,250,000 with respect to its Côte des Neiges Plaza and Place du Saguenay projects and the Simpsons-Sears department store being constructed at the Oshawa Shopping Centre, of which \$750,000 is included as at May 31, 1968 in the above capitalization table.
- (9) Reference is made to the sub-headings "Mount Bruno" and "Glenmore Lake" on pages 9 and 10 for details of certain long term payments required to be made with respect to these properties which were acquired after May 31, 1968.
- (10) In addition to the subsidiaries set out in the capitalization table, the Company has another wholly-owned subsidiary, R.I.M. Co. Ltd., and William Teron Limited has two wholly-owned subsidiaries, South March Realties Limited and March Ridge Developments Limited.

DETAILS OF THE SERIES A CONVERTIBLE PREFERENCE SHARES

On May 27, 1968 the directors passed a resolution authorizing an application for supplementary letters patent designating the shares without par value of the Company as Common Shares without par value and increasing the capital of the Company by the creation of 1,500,000 Preference Shares with a par value of \$10 each, issuable in series ("Preference Shares"). The resolution was confirmed by the shareholders on June 24, 1968 and supplementary letters patent dated June 24, 1968 were issued providing for such designation and increase in capital. On July 18, 1968, the directors authorized an application for supplementary letters patent designating 800,000 Preference Shares as 7% Cumulative Redeemable Convertible Preference Shares Series A ("Series A Convertible Preference Shares"). Such supplementary letters patent will be issued prior to the sale to the underwriter of the securities offered by this prospectus. The preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares, as a class, and the additional rights, conditions, restrictions, limitations and prohibitions to be attached to the Series A Convertible Preference Shares are substantially as set forth in the Schedule hereto. The following is a summary of certain of such preferences, rights, conditions, restrictions, limitations and prohibitions:

Dividends

The holders of the Series A Convertible Preference Shares will be entitled to receive, in priority to the Common Shares and any other shares ranking junior to the Series A Convertible Preference Shares, fixed cumulative preferential cash dividends, as and when declared by the board of directors, at the rate of 70¢ per share per annum to accrue from the date of the issue of such shares by the Company and to be payable quarterly on the last days of March, June, September and December. The initial dividend, if declared by the board of directors, will be paid on September 30, 1968.

Return of Capital

In the event of liquidation, dissolution or winding-up of the Company, the holders of the Series A Convertible Preference Shares will be entitled to receive, in priority to the Common Shares and any other shares ranking junior to the Series A Convertible Preference Shares, the sum of \$10 per share plus all accrued and unpaid preferential dividends and shall not be entitled to share in any further distribution of the property or assets of the Company.

Purchase and Redemption

The Company may purchase all or any part of the outstanding Series A Convertible Preference Shares in the market or by invitation for tenders at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding \$10 per share plus accrued and unpaid dividends and costs of purchase.

The Series A Convertible Preference Shares will be redeemable on and after July 31, 1973 (or earlier in certain events or with the approval of the holders of the Series A Convertible Preference Shares given in a specified manner) at the option of the Company in whole at any time or in part from time to time on not less than 30 days' notice at a redemption price of \$10 per share plus accrued and unpaid dividends.

Conversion

The Series A Convertible Preference Shares will be convertible at any time up to the close of business on the third business day prior to the date fixed for redemption into fully paid and non-assessable Common Shares of the Company on the basis of 1½ Common Shares as presently constituted for each Series A Convertible Preference Share converted. The provisions to attach to the Series A Convertible Preference Shares will provide for adjustment of the conversion right in certain events including a subdivision, consolidation or reclassification of the Common Shares and the payment of a stock dividend in Common Shares on Common Shares and for the giving of notice to the holders of the Series A Convertible Preference Shares of any issue of subscription warrants or other rights to the holders of Common Shares generally to purchase shares of the Company.

Restrictions

No dividends other than certain stock dividends shall be declared or paid on any shares of the Company ranking junior to the Preference Shares nor shall the Company redeem, purchase, decrease or otherwise pay off less than all of the outstanding Preference Shares or any shares of the Company ranking junior to the Preference Shares unless all dividends then payable on each series of outstanding Preference Shares shall have been declared and paid or set apart for payment.

So long as any of the Series A Convertible Preference Shares are outstanding and subject to one exception related to a contemporaneous issue of shares the Company shall not, without the approval of the holders of the Series A Convertible Preference Shares,

- (a) declare or pay any dividends (other than certain stock dividends) on any shares of the Company ranking junior to the Series A Convertible Preference Shares or redeem, purchase or otherwise pay off any shares of the Company ranking junior to the Series A Convertible Preference Shares or elect to pay tax on undistributed income under section 105 of the Income Tax Act if the aggregate amount declared and paid as dividends (other than certain stock dividends) on all shares of the Company subsequent to December 31, 1967 plus the aggregate amount distributed or paid subsequent to December 31, 1967 in connection with the redemption, purchase or other payment off in respect of all shares ranking junior to the Series A Convertible Preference Shares plus the amount of any such tax would exceed the aggregate of (i) the consolidated net earnings available for dividends (as defined) of the Company and its subsidiaries earned subsequent to December 31, 1967, and (ii) the consideration received by the Company subsequent to September 1, 1968 from the issuance (except by stock dividend) of shares ranking junior to the Series A Convertible Preference Shares including shares issued for any other shares or any indebtedness to the extent that the same shall be converted after September 1, 1968 into shares of the Company ranking junior to the Series A Convertible Preference Shares; or
- (b) declare or pay any dividends (other than stock dividends in Common Shares) on any Common Shares of the Company in any fiscal year of the Company in excess of the amount by which the consolidated net earnings available for dividends (as defined) of the Company and its subsidiaries for the immediately preceding fiscal year of the Company exceeds twice the maximum annual dividends on the Preference Shares outstanding at the time of such declaration or payment.

Issue of Additional Preference Shares

So long as any of the Series A Convertible Preference Shares are outstanding the Company shall not, without the approval of the holders of the Series A Convertible Preference Shares, issue any Preference Shares in addition to the 800,000 Series A Convertible Preference Shares unless the consolidated net earnings (as defined) of the Company and its subsidiaries for any 12 consecutive months out of the 18 months immediately preceding the date of issue of such shares shall have been at least equal to 2 times the annual dividend requirement on all Preference Shares to be outstanding.

The Company may not, without the approval of the holders of the Series A Convertible Preference Shares, create any Preference Shares in addition to the 1,500,000 presently authorized Preference Shares or create any class of shares ranking in priority to or on a parity with the Preference Shares but, subject as aforesaid, the Company may issue additional series of the presently authorized Preference Shares without such approval.

Voting Rights

The holders of the Preference Shares will not be entitled to attend or vote at meetings of shareholders unless the Company shall fail to pay in the aggregate 8 quarterly dividends on the Preference Shares of any one series whereupon, so long as any dividends on the Preference Shares of any series remain in arrears, the holders of all series of Preference Shares will be entitled to attend meetings of shareholders and will be entitled to one vote in respect of each Preference Share held and voting separately and as a class to elect one director if the number of directors of the Company is nine or less or to elect two directors if the number of directors of the Company is more than nine.

Amendment and Approval

The provisions attaching to the Preference Shares, as a class, and to the Series A Convertible Preference Shares may be amended with the approval of the holders of the Preference Shares, as a class, or of the Series A Convertible Preference Shares, as the case may be, which approval and any other approval referred to above may be given by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose.

DIVIDEND RESTRICTIONS

Under the terms of the Company's 4½% Subordinated Debentures due 1976, referred to in the capitalization table on pages 14 to 16, interest is payable only out of and to the extent of profits earned by the Company; however unpaid interest accumulates and is payable if earned in subsequent years and in any event at maturity. The Debentures provide that the Company will not pay any dividends on any classes of its capital stock unless all interest then due on such Debentures shall first have been paid or provided for.

It is expected that the terms of the secured note issue being arranged in connection with the financing of construction of Place du Saguenay will contain a restriction on the payment of dividends by the Company and such restriction is expected to limit the payment of dividends (with the exception of dividends for two years on any outstanding Preference Shares) to consolidated net profits of the Company and its subsidiaries earned after December 31, 1966.

DETAILS OF COMMON SHARES

In addition to the Preference Shares, as a class, including the Series A Convertible Preference Shares, the authorized capital of the Company consists of 12,000,000 Common Shares without par value, of which 4,903,000 Common Shares are issued and are outstanding as fully paid and non-assessable. The Common Shares rank junior to the Preference Shares, are entitled to one vote at all meetings of shareholders and all Common Shares rank equally with all other Common Shares in respect of dividend rights and upon a winding-up or dissolution of the Company.

PLAN OF DISTRIBUTION

By agreement dated July 18, 1968 between the Company and Pitfield, Mackay, Ross & Company Limited (the "Underwriter"), on its own behalf as underwriter, the Company has agreed to sell and the Underwriter has agreed to buy the 800,000 Series A Convertible Preference Shares and 400,000 Common Shares offered in Units by this prospectus for an aggregate consideration of \$10,976,000 payable in cash against delivery of certificates representing 400,000 Units of 2 Series A Convertible Preference

Shares and 1 Common Share and the Company has agreed to pay the Underwriter a commission in respect of the Series A Convertible Preference Shares of \$400,000, upon and subject to the terms and conditions set forth in the said agreement.

The said agreement provides that the obligations of the Underwriter are subject to certain conditions precedent and that the Underwriter is obliged to take up and pay for all of the Series A Convertible Preference Shares and Common Shares offered by this prospectus if any of the said shares are purchased under the agreement. The 400,000 Units purchased by the Underwriter will be offered to the public in Canada through the Underwriter and other registered dealers and brokers.

Certificates representing the 800,000 Series A Convertible Preference Shares and 400,000 Common Shares will be deposited with and held by Montreal Trust Company (the "Depository"), as depositary, pursuant to a Deposit Agreement to be dated as of August 1, 1968. The Company will issue registered Unit Certificates representing the number of Series A Convertible Preference Shares and Common Shares to which the registered holder thereof will be entitled as hereinafter provided. The Depository will mail to each registered holder of a Unit Certificate of record at the close of business on January 15, 1969, or on such earlier date as the Company may designate on not less than 14 days' notice to the registered holders of Unit Certificates, certificates representing the number of Series A Convertible Preference Shares and Common Shares to which such registered holder is entitled. On or before such date, the Series A Convertible Preference Shares and Common Shares comprising the Units will not be transferable separately, but only as Units, and any transfer of a Unit will constitute a transfer of the holders' interest in the related Series A Convertible Preference Shares and Common Shares held by the Depository.

The Deposit Agreement will provide that any dividend received by the Depository on the Series A Convertible Preference Shares and Common Shares held by it shall be paid forthwith by the Depository to the registered holders of Unit Certificates of record on the record date established for the payment of any such dividend.

USE OF PROCEEDS

The net proceeds to be derived by the Company from the sale of the 800,000 Series A Convertible Preference Shares and 400,000 Common Shares offered by this prospectus, estimated to amount to \$10,501,000 on the basis of the same being fully taken up and paid for, will be entirely applied in connection with the Company's expansion programme by the immediate repayment or reduction of consolidated bank loans of the Company and its subsidiaries which at July 17, 1968 amounted to \$10,337,667 and the addition of the balance, if any, to the Company's working capital. These loans were incurred primarily to provide interim financing of development costs during 1967 and to date in 1968 of various projects including Côte des Neiges Plaza, Place du Saguenay, the Simpson-Sears department store in the Oshawa Shopping Centre and Kanata.

MATERIAL CONTRACTS

Particulars regarding the material contracts entered into by the Company and its subsidiaries within the two years preceding the date hereof, other than in the ordinary course of business, are as follows:

- (i) the agreement whereby William Teron Limited became a wholly-owned subsidiary of the Company referred to under the heading "Interest of Management and Others" on page 12.
- (ii) the underwriting agreement referred to under the heading "Plan of Distribution" on page 18.

Copies of such agreements, copies of the construction contracts with Inspiration Limited and/or its subsidiaries referred to on page 13, copies of the trust deeds and indentures referred to on page 15 and when entered into the Deposit Agreement referred to on page 19 may be inspected during ordinary business hours at the head office of the Company while the Series A Convertible Preference Shares and Common Shares offered by this prospectus are in the course of primary distribution to the public and for a period of thirty days thereafter.

The other contracts and leases entered into by the Company and its subsidiaries within the two years preceding the date hereof in respect of or covering the matters or transactions referred to under the headings "Revenue Producing Properties", "Revenue Producing Properties Under Construction", "Land Development — Kanata" and "Land Held For Future Development" are considered to have been entered into in the ordinary course of business.

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company at its principal offices in the cities of Halifax, Montreal, Toronto, Calgary and Vancouver is the registrar and transfer agent for the Common Shares and will be the registrar and transfer agent for the Series A Convertible Preference Shares.

AUDITORS

The auditors of the Company are Messrs. Campbell, Sharp, Nash & Field, Chartered Accountants, 80 Richmond Street West, Toronto, Ontario.

LEGAL MATTERS

Legal matters in connection with the sale of the Series A Convertible Preference Shares and Common Shares offered by this prospectus will be passed upon on behalf of the Underwriter by Messrs. McCarthy & McCarthy of Toronto, and on behalf of the Company by Messrs. Fraser, Beatty, Tucker, McIntosh & Stewart of Toronto, on whose opinion as to certain matters counsel for the Underwriter may rely. Counsel for the Company may in turn rely upon opinions of local counsel.

**CANADIAN INTERURBAN PROPERTIES LIMITED
AND SUBSIDIARY COMPANIES (note 1)**

**Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet
as at April 30, 1968**

The Pro Forma Consolidated Balance Sheet gives effect to the transactions set out in note 2

| CURRENT | Assets | Actual | Pro Forma |
|--|----------------------|---------------------|-----------|
| Cash..... | \$ 20,047 | \$ 2,113,530 | |
| Accounts receivable..... | 783,812 | 783,812 | |
| Prepaid expenses..... | 129,247 | 129,247 | |
| Properties developed for sale — at cost..... | <u>1,758,993</u> | <u>1,758,993</u> | |
| | <u>2,692,099</u> | <u>4,785,582</u> | |
| INVESTMENTS | | | |
| Real estate companies | | | |
| Shares — at cost..... | 403,151 | 403,151 | |
| Advances..... | 723,960 | 723,960 | |
| Mortgages and notes receivable..... | 793,692 | 793,692 | |
| Other investments — at cost..... | <u>63,702</u> | <u>63,702</u> | |
| | <u>1,984,505</u> | <u>1,984,505</u> | |
| ADVANCES TO TRUSTEES RE EMPLOYEES' STOCK PURCHASE PLAN (note 3) | <u>198,550</u> | <u>198,550</u> | |
| REAL ESTATE | | | |
| Properties held for investment — at cost | | | |
| Land..... | 12,099,083 | 12,099,083 | |
| Buildings..... | 66,910,269 | 66,910,269 | |
| | <u>79,009,352</u> | <u>79,009,352</u> | |
| Less: accumulated depreciation..... | 5,080,036 | 5,080,036 | |
| | <u>73,929,316</u> | <u>73,929,316</u> | |
| Land acquired for development (note 4)..... | <u>9,587,626</u> | <u>9,587,626</u> | |
| | <u>83,516,942</u> | <u>83,516,942</u> | |
| | <u>\$88,392,096</u> | <u>\$90,485,579</u> | |
| CURRENT | Liabilities | | |
| Bank loans..... | \$ 8,407,517 | — | |
| 8½% Note payable to parent company (secured)..... | 500,000 | 500,000 | |
| Accounts payable — construction..... | 2,870,181 | 2,870,181 | |
| Accounts payable — operations..... | 1,583,329 | 1,583,329 | |
| Mortgage advances — properties developed for sale..... | <u>887,505</u> | <u>887,505</u> | |
| | <u>14,248,532</u> | <u>5,841,015</u> | |
| LONG TERM INDEBTEDNESS (note 5) | <u>47,375,542</u> | <u>47,375,542</u> | |
| DEFERRED INCOME TAXES (note 6) | <u>2,170,000</u> | <u>2,170,000</u> | |
| MINORITY INTERESTS IN SUBSIDIARY COMPANIES | <u>73,079</u> | <u>73,079</u> | |
| | <u>63,867,153</u> | <u>55,459,636</u> | |
| CAPITAL STOCK (note 7) | Shareholders' Equity | | |
| Preference Shares..... | — | 8,000,000 | |
| Common Shares..... | <u>19,646,393</u> | <u>22,622,393</u> | |
| | <u>19,646,393</u> | <u>30,622,393</u> | |
| SURPLUS | <u>4,878,550</u> | <u>4,403,550</u> | |
| | <u>24,524,943</u> | <u>35,025,943</u> | |
| | <u>\$88,392,096</u> | <u>\$90,485,579</u> | |

The notes on pages 24 to 26 are an integral part of the above Consolidated Balance Sheets and should be read in conjunction therewith.

Approved on behalf of the Board:

(Sgd.) W. HOWARD WERT, Director.

(Sgd.) J. A. LOWDEN, Director.

CANADIAN INTERURBAN PROPERTIES LIMITED
AND SUBSIDIARY COMPANIES (note 1)

Consolidated Statements of Earnings and Surplus
for the five years and eight months ended April 30, 1968
(Thousands of Dollars)

| | Four months ended December 31, | | | | | | | |
|---|--------------------------------|----------------|----------------|----------------|-------------------------|----------------|----------------------------|---------------------|
| | Years ended August 31— | | | | Years ended December 31 | | Four months ended April 30 | |
| | 1963 | 1964 | 1965 | 1965 | 1966 | 1967 | 1968 | 1967 (unaudited) |
| INCOME | | | | | | | | |
| Rentals..... | \$4,638 | \$5,466 | \$6,196 | \$2,334 | \$7,230 | \$9,119 | \$3,234 | \$2,930 |
| Interest, dividends and sundry income..... | 13 | 149 | 101 | 38 | 74 | 402 | 84 | 97 |
| Sale of land and buildings — developed for sale..... | — | — | — | — | — | 3,900 | 733 | 525 |
| Less: cost thereof (note 8). — | — | — | — | — | — | 3,529 | 666 | 498 |
| | — | — | — | — | — | 371 | 67 | 27 |
| Total income..... | 4,651 | 5,615 | 6,297 | 2,372 | 7,304 | 9,892 | 3,385 | 3,054 |
| EXPENSES | | | | | | | | |
| Property operating expenses. | 1,631 | 2,004 | 2,415 | 835 | 2,652 | 3,421 | 1,287 | 1,130 |
| Administrative and general.. | 329 | 398 | 371 | 134 | 469 | 840 | 270 | 247 |
| Interest on long term debt... | 2,099 | 1,778 | 1,907 | 699 | 2,081 | 2,854 | 952 | 872 |
| Other interest..... | — | — | 52 | 17 | 87 | 206 | 65 | 81 |
| Leasehold rental (note 9).... | 329 | 333 | 337 | 118 | 353 | 359 | 120 | 118 |
| Provision for depreciation (note 10)..... | 362 | 441 | 469 | 176 | 539 | 726 | 248 | 232 |
| | 4,750 | 4,954 | 5,551 | 1,979 | 6,181 | 8,406 | 2,942 | 2,680 |
| NET EARNINGS (loss) before income taxes and minority interests..... | | | | | | | | |
| Deferred income taxes (note 6)..... | (99) | 661 | 746 | 393 | 1,123 | 1,486 | 443 | 374 |
| | — | 75 | 200 | 205 | 580 | 625 | 207 | 205 |
| | (99) | 586 | 546 | 188 | 543 | 861 | 236 | 169 |
| Minority interests..... | — | — | 1 | 2 | 5 | 49 | 5 | 4 |
| NET EARNINGS (loss) for the period..... | (\$ 99) | \$ 586 | \$ 545 | \$ 186 | \$ 538 | \$ 812 | \$ 231 | \$ 165 |
| SURPLUS at beginning of period..... | | | | | | | | |
| Net earnings (loss) for the period..... | \$ 75 | \$ 97 | \$1,783 | \$2,363 | \$2,383 | \$3,831 | \$4,426 | \$3,831 |
| Discount on purchase for cancellation of debentures. | — | 1,050 | — | — | — | — | — | — |
| Waiver of debenture interest less deferred income taxes applicable thereto (note 6) | — | 258 | — | — | — | — | — | — |
| Surplus on disposal of investments and properties held for investment..... | 121 | — | 450 | 42 | 1,325 | 322 | 369 | 204 |
| | 97 | 1,991 | 2,778 | 2,591 | 4,246 | 4,965 | 5,026 | 4,200 |
| Dividends paid..... | — | 208 | 415 | 208 | 415 | 539 | 147 | — |
| SURPLUS at end of period.... | \$ 97 | \$1,783 | \$2,363 | \$2,383 | \$3,831 | \$4,426 | \$4,879 | \$4,200 |

The notes on pages 24 to 26 are an integral part of the above Consolidated Statements of Earnings and Surplus and should be read in conjunction therewith.

**CANADIAN INTERURBAN PROPERTIES LIMITED
AND SUBSIDIARY COMPANIES**
Consolidated Statement of Source and Application of Funds
for the five years and eight months ended April 30, 1968

(Thousands of Dollars)

| | Years ended August 31 | | | Four months ended December 31 | | Years ended December 31 | | Four months ended April 30 | |
|---|------------------------|------------------------|------------------------|-------------------------------|------------------------|-------------------------|------------------------|----------------------------|---------------------|
| | 1963 | 1964 | 1965 | 1965 | 1965 | 1966 | 1967 | 1968 | 1967 (unaudited) |
| | | | | | | | | | |
| FUNDS AVAILABLE FROM OPERATIONS | | | | | | | | | |
| Net profit (loss) for the period | (\$ 99) | \$ 586 | \$ 545 | \$ 186 | \$ 537 | \$ 812 | \$ 231 | \$ 164 | |
| Depreciation..... | 362 | 441 | 469 | 176 | 540 | 726 | 248 | 239 | |
| Amortization of cost of land and development expenses (note 8)..... | — | — | — | — | — | 359 | 63 | 48 | |
| Deferred income tax..... | — | 75 | 200 | 205 | 580 | 625 | 207 | 205 | |
| | 263 | 1,102 | 1,214 | 567 | 1,657 | 2,522 | 749 | 656 | |
| Repayment of current portion of long term indebtedness.. | 626 | 588 | 641 | 250 | 856 | 1,314 | 373 | 301 | |
| | (363) | 514 | 573 | 317 | 801 | 1,208 | 376 | 355 | |
| Dividends paid..... | — | 208 | 415 | 208 | 415 | 539 | 147 | — | |
| | (363) | 306 | 158 | 109 | 386 | 669 | 229 | 355 | |
| FUNDS DERIVED FROM DISPOSAL OF INVESTMENTS | | | | | | | | | |
| Proceeds from disposal of investments in shares..... | 20 | — | — | — | — | 509 | 100 | 207 | |
| Net proceeds from disposal of land and buildings..... | 197 | 17 | 807 | 17 | 2,169 | 353 | 387 | — | |
| Payment of notes and mortgages receivable..... | — | — | — | — | — | — | 289 | — | |
| | (146) | 323 | 965 | 126 | 2,555 | 1,531 | 1,005 | 562 | |
| FUNDS DERIVED FROM NEW FINANCING | | | | | | | | | |
| Capital stock issued..... | — | 10,479 | — | — | — | 3,000 | — | 3,000 | |
| Increase in minority interests in subsidiary companies... | — | — | 5 | — | 5 | 49 | 5 | 4 | |
| Net increase in long term indebtedness..... | 1,845 | 5,046 | 4,945 | 2,083 | 2,468 | 16,234 | 1,252 | 15,168 | |
| Net increase (decrease) in current debt, including interim bank financing..... | (57) | 267 | 1,515 | 2,278 | 7,633 | (3,312) | 3,557 | (5,709) | |
| TOTAL FUNDS AVAILABLE | <u>\$ 1,642</u> | <u>\$16,115</u> | <u>\$ 7,430</u> | <u>\$ 4,487</u> | <u>\$12,661</u> | <u>\$17,502</u> | <u>\$ 5,819</u> | <u>\$13,025</u> | |
| APPLICATION OF FUNDS | | | | | | | | | |
| Increased investment in: | | | | | | | | | |
| Properties held for investment..... | \$ 963 | \$ 6,149 | \$ 7,029 | \$ 4,466 | \$12,454 | \$ 7,122 | \$ 5,131 | \$ 3,795 | |
| Land acquired for development..... | — | — | — | — | — | 9,600 | 410 | 8,764 | |
| Shares, advances, mortgages and notes receivable..... | 679 | 1,052 | 401 | 21 | 207 | 780 | 79 | 466 | |
| Advances to trustees re employees' stock purchase plan..... | — | — | — | — | — | — | 199 | — | |
| Purchase for cancellation of debentures, less waiver of debenture interest..... | — | 8,914 | — | — | — | — | — | — | |
| | <u>\$ 1,642</u> | <u>\$16,115</u> | <u>\$ 7,430</u> | <u>\$ 4,487</u> | <u>\$12,661</u> | <u>\$17,502</u> | <u>\$ 5,819</u> | <u>\$13,025</u> | |

The notes on pages 24 to 26 are an integral part of the above Consolidated Statement of Source and Application of Funds and should be read in conjunction therewith.

**CANADIAN INTERURBAN PROPERTIES LIMITED
AND SUBSIDIARY COMPANIES**

Notes to Consolidated Financial Statements

1. Principles of Consolidation

The consolidated balance sheet and pro forma consolidated balance sheet include the accounts of Canadian Interurban Properties Limited and all of its subsidiaries.

The consolidated statements of earnings and surplus reflect the operations of all subsidiary companies from their date of formation or effective date of acquisition with the exception of a partially-owned subsidiary acquired in 1964. Dividends from such subsidiary, aggregating \$60,000 and approximating the Company's share of the subsidiary's earnings, were included in income for 1964. Subsequent to 1964 its earnings have been consolidated.

2. Pro Forma Consolidated Balance Sheet

The pro forma consolidated balance sheet gives effect, as at April 30, 1968, to the following:

- (a) The issue of Supplementary Letters Patent designating the shares without par value of the Company as Common Shares without par value and increasing the capital of the Company by the creation of 1,500,000 Preference Shares with a par value of \$10 each, issuable in series, and the issue of further Supplementary Letters Patent designating 800,000 of such Preference Shares as 7% Cumulative Redeemable Convertible Preference Shares Series A.
- (b) The issue and sale of 400,000 Common Shares at \$7.44 each for an aggregate consideration of \$2,976,000.
- (c) The issue and sale of 800,000 7% Cumulative Redeemable Convertible Preference Shares Series A for an aggregate consideration of \$8,000,000 and the payment of a commission of \$400,000.
- (d) The application of the net proceeds in (b) and (c) above, aggregating \$10,576,000, as follows:
 - (i) repayment of bank loans of \$8,407,517;
 - (ii) payment of expenses of issue estimated at \$75,000;
 - (iii) addition to cash of \$2,093,483.
- (e) The charge to surplus of the commission of \$400,000 in (c) above and the estimated expenses of issue of \$75,000 in (d) above.

3. Employees' Stock Purchase Plan

On January 11, 1968 the Company created a stock purchase plan under which the Company advanced moneys to trustees with which to purchase a maximum of 64,000 Common Shares of the Company, to be made available for acquisition by certain employees, including senior officers, at the market price prevailing on the date such employees agree to acquire such shares through the trustees. Under this plan the trustees purchased 64,000 outstanding Common Shares which were sold by the trustees to senior officers at a price of \$3.15 per share payable to the trustees in annual instalments during the next four to nine years.

The plan is to be amended as of April 30, 1968 to permit the trustees to purchase, with funds to be advanced by the Company, an additional 86,000 Common Shares of the Company from treasury to be made available for purchase by designated senior officers and employees (not then directors or shareholders of the Company) who have agreed to purchase 69,700 of these additional Common Shares at \$3.85 per share. The remaining 16,300 shares are being reserved for future issuance under the plan.

4. Land Acquired for Development

Effective January 1, 1967 the Company acquired all of the outstanding shares of William Teron Limited; the \$3,321,650 excess of the amount paid therefor over the book value of the underlying assets has been applied to increase the value of land acquired for development. The land acquired for development is otherwise carried at cost including carrying charges and development expenses aggregating \$2,137,000.

5. Long Term Indebtedness

Mortgages bearing interest at various rates from 4½% to 9½% and maturing as follows

| | Total principal | Principal due within one year |
|-----------------------------|-------------------------------|-------------------------------------|
| Due — within one year | \$ 2,011,900 | \$ 2,011,900 |
| — 2 to 5 years | 2,886,659 | 64,960 |
| — 6 to 10 years | 8,037,317 | 278,802 |
| — over 10 years | 23,072,786 | 553,812 |
| | <hr/> <hr/> <hr/> <hr/> <hr/> | <hr/> <hr/> <hr/> <hr/> <hr/> |
| | 36,008,662 | 2,909,474 |

First Mortgage Bonds

| | | |
|---------------------------------|-------------------------------|-------------------------------|
| 5½% Series A due 1976 | 108,000 | 12,000 |
| 5½% Series B due 1978 | 341,500 | 23,000 |
| 5½% Series C due 1975 | 150,000 | 20,000 |
| 7½% Sinking Fund due 1992 | 2,955,000 | 47,000 |
| 7½% Sinking Fund due 1997 | 5,700,000 | — |
| | <hr/> <hr/> <hr/> <hr/> <hr/> | <hr/> <hr/> <hr/> <hr/> <hr/> |
| | 9,254,500 | 102,000 |

Debentures and Notes

| | | |
|--|--------------|--------------|
| 4½% Subordinated Debentures due 1976 | 900,000 | — |
| 6% Notes due to 1974 | 1,212,380 | 114,000 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 2,112,380 | 114,000 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | \$47,375,542 | \$ 3,125,474 |

6. Income Tax

By claiming capital cost allowances for income tax purposes in an amount of approximately \$4,200,000 in excess of depreciation recorded in the accounts income taxes aggregating \$2,170,000 to April 30, 1968 have been deferred to future years.

In the period ended December 31, 1965, the Company adopted the practice of recording deferred income taxes in the accounts and accordingly the profits of prior years have been restated to reflect the income taxes applicable thereto. Income taxes have been reduced by \$250,000 in the year ended August 31, 1964 and \$175,000 in the year ended August 31, 1965 by the deduction from income of prior years' losses. Income taxes have also been reduced by \$170,000 in the year ended December 31, 1967 and by \$47,000 in the four months ended April 30, 1968 by deducting carrying charges applicable to land held for inclusion in future property investment programs.

Canadian Interurban Properties Limited was re-assessed in 1968 in respect of federal income taxes up to and including December 31, 1965. Under such re-assessment the Taxation Division contends that certain properties were acquired in 1958 by the Company in a non arms-length transaction and that the values thereof for capital cost allowances are approximately \$6,000,000 less than the values recorded in the accounts of the Company. Although the tax liability involved for the period ended December 31, 1965 is less than \$1,000 and no income tax liability will result from the re-assessment in the periods to April 30, 1968, the Company intends to appeal the re-assessment in order to establish capital cost values for future income tax purposes.

Under the re-assessment referred to above the Taxation Division has disallowed the deduction of debenture interest charged to income in 1962 and 1963 in the amounts of \$243,750 and \$292,500 respectively, the payment of which was waived in 1964 but the Taxation Division has permitted the Company to claim sufficient additional capital cost allowances to offset this disallowance. Deferred income taxes have been adjusted accordingly and this adjustment has been reflected in the consolidated statements of earnings and surplus for the year ended August 31, 1964.

No notices of re-assessment have been received to date by Canadian Interurban Properties Limited with respect to the years subsequent to 1965 nor have any re-assessments been received to date by any of its subsidiary companies.

7. Capital Stock

Actual

Actual

Pro Forma

Authorized — 12,000,000 shares without par value

Issued and outstanding — 4,903,000 shares..... \$19,646,393

\$ —

Pro forma

Authorized — 1,500,000 Preference Shares with a par value of \$10 each,
issuable in series

— 12,000,000 Common Shares without par value

Issued and outstanding

800,000 7% Cumulative Redeemable Convertible Preference Shares

Series A..... — 8,000,000

5,303,000 Common Shares..... — 22,622,393

\$19,646,393 \$30,622,393

During the year ended December 31, 1967, 750,000 Common Shares were issued at \$4 per share as partial consideration for the acquisition of all outstanding shares of William Teron Limited.

The Company has granted an option on 25,000 Common Shares at \$4 per share exercisable on or before December 31, 1971 and has issued share purchase warrants entitling the holders thereof to subscribe for 125,000 Common Shares at \$4 per share on or before December 31, 1971.

The 7% Cumulative Redeemable Convertible Preference Shares Series A will be convertible into Common Shares on the basis of 1½ Common Shares for each such preference share held.

The conditions attaching to the 7% Cumulative Redeemable Convertible Preference Shares Series A will include certain restrictions on the declaration or payment of dividends on the Common Shares.

Reference is made to Note 3.

8. Amortization of Cost of Land and Development Expenses

When development land is sold there is charged against the income derived from such sales the cost of the land, determined on an average basis and including applicable carrying charges and development expenses.

9. Leasehold Rental

The Company is committed as tenant under leases on revenue producing properties in operation and under development varying in length from 10 to 38 years. All major leases contain options to either renew the lease or purchase the property at the expiration of the existing term. The total minimum rental obligation under such leases aggregates \$14,200,000 at April 30, 1968 and is payable in approximate annual amounts as follows:

| | | | |
|----------------------------------|-----------|------------------|-----------|
| 1968 - May 1 to December 31..... | \$345,600 | 1986..... | \$400,000 |
| 1969 - 1970..... | 510,000 | 1987 - 1995..... | 250,000 |
| 1971 - 1976..... | 540,000 | 1996 - 2004..... | 270,000 |
| 1977 - 1985..... | 475,000 | 2005..... | 187,500 |

10. Depreciation

The provision for depreciation is calculated on a sinking fund method based on the estimated useful life of each developed property and writes off the value of the improvements to land over that period in a series of instalments increasing at the rate of 5% compounded annually.

11. Commitments

At April 30, 1968 the Company and its subsidiaries were committed to the following expenditures:

- (a) The purchase, now completed, of land in Calgary for an aggregate consideration of \$500,000 payable over a period of eight years ending in 1976.
- (b) The purchase, now completed, of land in Mount Bruno, Quebec, at a basic cost of \$2,500,000 which may increase to a maximum of approximately \$4,000,000 depending on the rate of useage of the land and the payment therefor. The purchase price is payable over a maximum period of sixteen years ending in 1984.
- (c) The expenditure of amounts aggregating approximately \$10,900,000 being the estimated cost of completing construction and of the purchase of revenue producing properties. The Company has arranged first mortgage and secured note financing in an aggregate amount of approximately \$10,250,000 with respect to the projects under construction.

Auditors' Report

To the Directors,
Canadian Interurban Properties Limited.

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Canadian Interurban Properties Limited and subsidiary companies as at April 30, 1968 and the consolidated statements of earnings and surplus and of source and application of funds for the five years and eight months ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have accepted the report of another firm of Chartered Accountants on the financial statements for the year ended August 31, 1963.

In our opinion:

- (a) the accompanying consolidated balance sheet presents fairly the financial position of the companies as at April 30, 1968;
- (b) the accompanying pro forma consolidated balance sheet presents fairly the financial position of the companies as at April 30, 1968 after giving effect to the changes set forth in Note 2 to the financial statements;
- (c) the accompanying consolidated statements of earnings and surplus present fairly the consolidated earnings and surplus of the companies for the five years and eight months ended April 30, 1968;
- (d) the accompanying consolidated statement of source and application of funds presents fairly the source and application of funds of the companies for the five years and eight months ended April 30, 1968;

all in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Ontario, July 18, 1968.

(Sgd.) CAMPBELL, SHARP, NASH & FIELD,
Chartered Accountants.

DIVIDEND RECORD

The Company has paid the following dividends on its outstanding Common Shares in respect of each of the following periods:

| | 12 months ended | | 4 months ended | | 12 months ended | | 4 months ended | |
|-----------------------|-----------------|-----------|----------------|-----------|-----------------|-----------|----------------|--|
| | August 31 | | December 31 | | December 31 | | April 30 | |
| | 1964 | 1965 | 1965 | 1966 | 1966 | 1967 | 1968 | |
| Per Common Share..... | 5¢ | 10¢ | 5¢ | 10¢ | 11¢ | 3¢ | | |
| Total Amount..... | \$207,650 | \$415,300 | \$207,650 | \$415,300 | \$539,330 | \$147,090 | | |

Reference is made to page 17 for the restrictions on the payment of dividends on the Common Shares to be contained in the provisions to be attached to the Series A Convertible Preference Shares and reference is also made to the heading "Dividend Restrictions" on page 18. The amount of future dividends will be limited by such restrictions. The payment of dividends in the future will be subject to the discretion of the board of directors and to such policy as it may adopt from time to time. No further dividends on the Common Shares can be paid in 1968 after the issue of the Series A Convertible Preference Shares because of the restriction set forth as clause (b) on page 17.

PREFERENCE SHARE DIVIDEND COVERAGE

Annual dividends on the Company's Series A Convertible Preference Shares to be outstanding upon completion of this financing will amount to \$560,000 and consolidated net income available for dividends in the year ended December 31, 1967 amounted to \$812,000 or approximately 1.5 times such dividends.

PREFERENCE SHARE ASSET COVERAGE

The consolidated net tangible assets of the Company and its subsidiaries as at April 30, 1968 as shown by the foregoing pro forma consolidated balance sheet were as follows:

| | | |
|--|--|-----------------------|
| Current assets..... | | \$ 4,785,582 |
| Investments..... | | 1,984,505 |
| Advances to trustees re employees' stock purchase plan..... | | 198,550 |
| Properties held for investment less accumulated depreciation..... | | 73,929,316 |
| Land acquired for development..... | | 9,587,626 |
| | | <hr/> |
| | | 90,485,579 |
| Less: Current liabilities..... | | \$ 5,841,015 |
| Long term indebtedness..... | | 47,375,542 |
| Deferred income taxes..... | | 2,170,000 |
| Minority interests in subsidiary companies..... | | 73,079 |
| | | <hr/> |
| Consolidated net tangible assets after giving effect to the present financing..... | | \$35,025,943 |
| Series A Convertible Preference Shares to be outstanding upon completion of the present financing..... | | <hr/> \$ 8,000,000 |

On the above basis consolidated net tangible assets amount to over 4.3 times the par value of the Series A Convertible Preference Shares to be outstanding upon completion of the present financing.

CERTIFICATES

The foregoing together with the schedule hereto constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

Dated: July 18, 1968.

Chief Executive Officer

(Sgd.) J. A. LOWDEN,
President.

Chief Financial Officer

(Sgd.) J. B. WHITELY,
Vice-President, Finance.

On behalf of the Board of Directors

(Sgd.) W. HOWARD WERT,
Director.

(Sgd.) W. TERON,
Director.

Directors

(Sgd.) J. A. LOWDEN

(Sgd.) W. TERON

(Sgd.) W. HOWARD WERT

(Sgd.) ARTHUR FERDINAND MAYNE*

(Sgd.) PETER NESBITT THOMSON*

(Sgd.) JEAN SIMARD*

(Sgd.) HON. JOHN BLACK AIRD*

(Sgd.) FRANCIS DORLAND TREBELL*

(Sgd.) PAUL DESMARAIS

(Sgd.) WILLIAM IAN MACKENZIE TURNER, JR.*

*by their attorney, J. B. WHITELY

To the best of our knowledge, information and belief, the foregoing together with the schedule hereto constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

Pitfield, Mackay, Ross & Company Limited

Per (Sgd.) R. L. HUNTER,
Director.

The following includes the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Pitfield, Mackay, Ross & Company Limited: W. C. Pitfield, H. H. Mackay, D. L. Torrey, R. L. Hunter, W. Y. Soper, K. M. Sedgewick, J. M. Arbour, A. F. MacAllaster and D. C. Mackay.

SCHEDULE

Provisions attaching to the Preference Shares, as a Class

The Preference Shares have attached thereto, as a class, the preferences, rights, conditions, restrictions, limitations and prohibitions hereinafter set forth, that is to say:

- (a) The Preference Shares may at any time and from time to time be issued in one (1) or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the board of directors of the Company;
- (b) The board of directors of the Company shall, by resolution duly passed before the issue of any Preference Shares of any series, fix the designation, rights, conditions, restrictions, limitations and prohibitions to be attached to the Preference Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or amount of preferential dividends, the date or dates and place or places of payment thereof, the consideration and the terms and conditions of any purchase for cancellation or redemption thereof, conversion rights (if any), the terms and conditions of any share purchase plan or sinking fund and the restrictions (if any) respecting payment of dividends on any shares ranking junior to the Preference Shares, the whole subject to the issue of supplementary letters patent setting forth the designation, rights, conditions, restrictions, limitations and prohibitions to be attached to the Preference Shares of such series;
- (c) The Preference Shares of each series shall, with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, be entitled to a preference over the Common Shares without par value of the Company and over any other shares ranking junior to the Preference Shares and the Preference Shares of each series may also be given such other preferences over the Common Shares and any other shares ranking junior to the Preference Shares as may be determined as to the respective series authorized to be issued;
- (d) The Preference Shares of each series shall rank on a parity with the Preference Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs;
- (e) No series of Preference Shares shall be authorized which shall have a dividend rate in excess of ten per cent (10%) per annum on the amount from time to time paid up thereon or be entitled to receive upon liquidation, dissolution or winding-up or upon redemption or purchase for cancellation a sum in excess of one hundred and ten per cent (110%) of the amount paid up thereon plus a sum equivalent to all unpaid dividends accumulated thereon;
- (f) Subject to the provisions of clause (e) hereof, the holders of the Preference Shares of each series shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash dividends at such rate and on such date or dates as the directors may fix by the resolution provided for in clause (b) hereof fixing the designation, rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares of such series and as may be set forth in the supplementary letters patent setting forth the designation, rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares of such series; such dividends shall accrue from such date or dates not later than six (6) months after the respective dates of issue as may in the case of each issue be determined by the board of directors of the Company or in case no date be so determined then from the date of allotment; cheques of the Company payable at par at any branch of the Company's

bankers for the time being in Canada shall be issued in respect of such dividends; if on any date for the payment of any dividend on the Preference Shares of any series the dividend payable on such date is not paid in full on all the Preference Shares of such series then issued and outstanding such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly applicable to the payment of the same; the holders of the Preference Shares of any series shall not be entitled to any dividends other than or in excess of the cash dividends for such series hereinbefore in this clause (f) referred to;

- (g) In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Preference Shares of each series shall be entitled to receive the amount paid up on such shares, together with all dividends (if any) accrued thereon up to the date of distribution and then remaining unpaid on such shares, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day) and an additional amount equal to the premium (if any) which would be payable upon the Preference Shares of such series as part of the redemption price of such shares if such shares were redeemed under the provisions of clause (j) hereof, before any amount shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the Preference Shares; after payment to the holders of the Preference Shares of each series of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company;
- (h) No dividends (other than stock dividends in shares of the Company ranking junior to the Preference Shares) shall at any time be declared or paid on or set apart for payment on any shares of the Company ranking junior to the Preference Shares unless all dividends up to and including the dividend payable for the last completed period for which such dividends shall be payable on each series of the Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Company ranking junior to the Preference Shares nor shall the Company call for redemption or purchase for cancellation or decrease or otherwise pay off any of the Preference Shares (less than the total number of Preference Shares then outstanding) or any shares of the Company ranking junior to the Preference Shares unless all dividends up to and including the dividend payable for the last completed period for which such dividends shall be payable on each series of the Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, decrease or other payment off;
- (i) Subject to the provisions of clause (h) hereof and subject to the rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares of any series, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Preference Shares of any series outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Preference Shares of such series outstanding at the lowest price or prices at which, in the opinion of the directors, such shares are obtainable but not exceeding the price at which, at the date of purchase, such shares are redeemable as provided in clause (j) hereof (including accrued and unpaid preferential dividends as provided in the said clause (j)) plus costs of purchase; if upon any invitation for tenders under the provisions of this clause (i) the Company shall receive tenders of Preference Shares of such series at the same lowest price which the Company may be willing to pay in an aggregate number greater than the number for which the Company is prepared to accept tenders, the Preference Shares of such series so tendered which the

Company determines to purchase at such price shall be purchased as nearly as may be pro rata (disregarding fractions) in proportion to the number of Preference Shares of such series so tendered by each of the holders of Preference Shares of such series who submitted tenders at the said same lowest price;

(j) Subject to the provisions of clause (h) hereof and subject to the rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares of any series, the Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Preference Shares of any series on payment for each share to be redeemed of the amount paid up on such share together with such premium (if any) as the directors may fix by the resolution provided for in clause (b) hereof fixing the designation, rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares of such series and as may be set forth in the supplementary letters patent setting forth the designation, rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares of such series and together with all dividends (if any) accrued thereon up to the date fixed for redemption and then remaining unpaid on such shares, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day);

(k) In any case of redemption of Preference Shares of any series under the provisions of clause (j) hereof, the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Preference Shares of such series to be redeemed a notice in writing of the intention of the Company to redeem such last mentioned shares; such notice shall be mailed in an envelope, with postage prepaid, addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure or omission to give any such notice to one (1) or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the Preference Shares of such series held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the Preference Shares of such series to be redeemed the redemption price thereof on presentation and surrender at the head office of the Company or any other place within Canada designated in such notice of the certificates representing the Preference Shares of such series so called for redemption; such payment shall be made by cheques payable at par at any branch of the Company's bankers for the time being in Canada; if a part only of the Preference Shares of such series represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified for redemption in any such notice, the Preference Shares of such series called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Company shall have the right at any time after the mailing of notice of its intention to redeem any Preference Shares of any series as aforesaid to deposit the redemption price of the Preference Shares of such series so called for redemption or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of the Preference Shares of such series called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such

notice, whichever is the later, the Preference Shares of such series in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively; any interest allowed on any such deposit shall belong to the Company;

(i) The holders of the Preference Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting (but shall be entitled to receive notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof) unless and until the Company from time to time shall fail to pay in the aggregate eight (8) quarterly dividends on the Preference Shares of any one (1) series on the dates on which the same should be paid according to the terms thereof and unless and until eight (8) quarterly dividends on such shares shall remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter but only so long as any dividends on the Preference Shares of any series remain in arrears the holders of the Preference Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall be entitled to one (1) vote in respect of each Preference Share held and in addition shall be entitled, voting separately and exclusively as a class, to elect one (1) member of the board of directors of the Company if the board consists of nine (9) or fewer directors or two (2) members of the board of directors if the board consists of more than nine (9) directors; nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors;

Notwithstanding anything contained in the by-laws of the Company, the term of office of all persons who may be directors of the Company at any time when the right to elect directors shall accrue to the holders of Preference Shares as herein provided, or who may be appointed as directors thereafter and before a meeting of shareholders shall have been held, shall terminate upon the election of directors at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than twenty-one (21) days' written notice and which shall be called by the secretary of the Company upon the written request of the holders of record of at least one-tenth (1/10) of the outstanding Preference Shares; in default of the calling of such general meeting by the secretary within fifteen (15) days after the making of such request, such meeting may be called by any holder of record of Preference Shares;

Any vacancy or vacancies occurring among members of the board elected by the holders of Preference Shares, voting separately and exclusively as a class, in accordance with the foregoing provisions, may be filled by the board of directors with the consent and approval of the remaining director elected by the holders of Preference Shares, voting separately and exclusively as a class, but if there be no such remaining director the board may elect or appoint sufficient holders of Preference Shares to fill the vacancy or vacancies; whether or not such vacancy or vacancies is or are so filled by the board, the holders of record of at least one-tenth (1/10) of the outstanding Preference Shares shall have the right to require the secretary of the Company to call a meeting of the holders of Preference Shares for the purpose of filling the vacancy or vacancies or replacing any person or persons elected or appointed to fill such vacancy or vacancies and the provisions of the last preceding paragraph shall apply with respect to the calling of any such meeting;

Notwithstanding anything contained in the by-laws of the Company (i) upon any termination of the said right to elect directors, the term of office of the director or directors elected

or appointed to represent the holders of Preference Shares exclusively shall forthwith terminate and (ii) the holding of one (1) Preference Share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of Preference Shares exclusively; holders of Common Shares shall be entitled to one (1) vote for each Common Share held by them at all shareholders' meetings; and

(m) The authorization required by subsection 4 of section 33 of The Corporations Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Preference Shares as a class or to create preference shares ranking in priority to or on a parity with the Preference Shares may be given by at least two-thirds (2/3) of the votes cast at a meeting of the holders of the Preference Shares duly called for that purpose and held upon at least twenty-one (21) days' notice at which the holders of at least a majority of the outstanding Preference Shares are present or represented by proxy; if at any such meeting the holders of a majority of the outstanding Preference Shares are not present or represented by proxy within one-half (1/2) an hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than fifteen (15) days later and to such time and place as may be appointed by the chairman and not less than ten (10) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast at such adjourned meeting shall constitute the authorization of the holders of the Preference Shares referred to above; the formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders; on every poll taken at every such meeting or adjourned meeting every holder of Preference Shares shall be entitled to one (1) vote in respect of each Preference Share held.

Provisions to be attached to the Series A Convertible Preference Shares

The Series A Convertible Preference Shares, in addition to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Preference Shares as a class, are to have attached thereto the rights, conditions, restrictions, limitations and prohibitions hereinafter set forth, that is to say:

(1) The rate of the fixed cumulative preferential cash dividends on the Series A Convertible Preference Shares shall be seven per cent (7%) per annum and such dividends shall be payable in quarterly instalments on the last days of March, June, September and December in each year on the amount from time to time paid up on such shares.

(2) (a) No premium shall be payable by the Company on the redemption of any Series A Convertible Preference Shares;

(b) Except with the prior approval of the holders of the Series A Convertible Preference Shares given as hereinafter specified or given by all the holders of such shares in writing, no Series A Convertible Preference Shares may be redeemed before the thirty-first (31st) day of July, 1973 other than as hereinafter in this clause (2) provided;

(c) The Company may at any time redeem the whole or from time to time any part of the Series A Convertible Preference Shares if on each day of any thirty (30) days of the period of sixty (60) consecutive days immediately preceding the day on which notice of redemption of such Series A Convertible Preference Shares is given the average price of Common Shares of the Company traded during such thirty (30) days shall be ten dollars (\$10) per share or more and the aggregate number of such Common Shares traded during such thirty (30) days is at least twenty-five thousand (25,000) shares;

- (d) In determining the volume of Common Shares of the Company traded and the prices of such Common Shares traded for the purposes of this clause (2) only Common Shares traded on stock exchanges carrying on business in Canada and on which Common Shares of the Company are listed for trading shall be considered and the records of such exchanges shall be conclusive;
- (e) In determining average price for the purposes of this clause (2) the number of Common Shares of the Company traded at each price on each day being considered shall be multiplied by such price, the resulting amounts shall be added together and the total shall then be divided by the total number of such Common Shares so traded at all prices on each such day;
- (f) In the event of any subdivision and/or reclassification and/or change of the Common Shares of the Company at any time on or before the thirty-first (31st) day of July, 1973 the average price of ten dollars (\$10) referred to above in this clause (2) and the number of twenty-five thousand (25,000) shares referred to above in this clause (2) shall be adjusted in such manner as the Company's auditors then consider fair and reasonable;
- (g) A report of the Company's auditors for the time being as to whether the Company is or is not entitled to redeem any Series A Convertible Preference Shares in accordance with the provisions of this clause (2) shall be conclusive and binding on the Company and the holders of shares of every class;
- (h) The provisions of sub-clauses (b) to (g) inclusive of this clause (2) shall only apply to the redemption of Series A Convertible Preference Shares before the thirty-first (31st) day of July, 1973.

(3) (a) The holders of Series A Convertible Preference Shares shall have the right at any time (subject as hereinafter provided) to convert fully paid Series A Convertible Preference Shares into Common Shares without par value in the capital of the Company (as the same shall be constituted upon the issue of the Series A Convertible Preference Shares) on the basis of one and one-half (1½) Common Shares for each Series A Convertible Preference Share converted.

(b) The conversion right herein provided for may be exercised by notice in writing given to any transfer agent of the Company for the Series A Convertible Preference Shares accompanied by the certificate or certificates representing the Series A Convertible Preference Shares in respect of which the holder thereof desires to exercise such right of conversion; such notice shall be signed by the person registered on the books of the Company as the holder of the Series A Convertible Preference Shares in respect of which such right is being exercised or by his duly authorized attorney and shall specify the number of Series A Convertible Preference Shares which the holder desires to have converted; upon the said transfer agent receiving such notice, the Company shall issue certificates for Common Shares at the rate hereinbefore provided and in accordance with the provisions hereof to the registered holder of the Series A Convertible Preference Shares represented by the certificate or certificates accompanying such notice, or in such name or names as such registered holder may direct in writing (either in the said notice or otherwise) provided that such registered holder shall pay any applicable transfer taxes; if less than all the Series A Convertible Preference Shares represented by any certificate or certificates accompanying any such notice are to be converted, the holder shall be entitled to receive, at the expense of the Company, a new certificate representing the Series A Convertible Preference Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be converted.

- (c) The registered holders of any Series A Convertible Preference Shares on the record date for any dividend payable on such shares shall be entitled to such dividend notwithstanding that such shares are converted into Common Shares after such record date and before the payment date of such dividend and the registered holders of the Common Shares resulting from such conversion shall be entitled to rank equally with the registered holders of all other Common Shares in respect of all dividends payable to holders of Common Shares of record on any date on or after the date of such conversion; subject as aforesaid and subject to the provisions of sub-clause (f) hereof, upon the conversion of any Series A Convertible Preference Shares there shall be no adjustment by the Company or by any holder of Series A Convertible Preference Shares on account of any dividends either on the Series A Convertible Preference Shares so converted or on the Common Shares resulting from such conversion
- (d) In the case of any Series A Convertible Preference Shares which may be called for redemption, the right of conversion thereof shall, notwithstanding anything herein contained, cease and terminate at the close of business on the third (3rd) business day prior to the date fixed for redemption, provided, however, that if the Company shall fail to redeem such Series A Convertible Preference Shares in accordance with the notice of redemption the right of conversion shall thereupon be restored and shall continue as before.
- (e) Subject as hereinafter provided in this sub-clause (e), the right of a holder of Series A Convertible Preference Shares to convert the same into Common Shares shall be deemed to have been exercised, and the registered holders of Series A Convertible Preference Shares so converted (or any person or persons in whose name or names any such registered holder of Series A Convertible Preference Shares shall have directed certificates representing Common Shares to be issued as provided in sub-clause (b) hereof) shall be deemed to have become holders of Common Shares of record of the Company for all purposes, on the respective dates of surrender of certificates representing the Series A Convertible Preference Shares to be converted accompanied by notice in writing as provided in sub-clause (b) hereof, notwithstanding any delay in the delivery of certificates representing the Common Shares into which such Series A Convertible Preference Shares have been converted; but should any certificates representing Series A Convertible Preference Shares be duly surrendered for conversion during a period when the registers of transfers of Common Shares are properly closed, the registered holders of such Series A Convertible Preference Shares (or other person or persons as aforesaid) shall be deemed to become holders of Common Shares of record immediately upon the re-opening of such registers of transfers.
- (f)
 - (i) In the event of any subdivision and/or reclassification of the Common Shares of the Company at any time while any of the Series A Convertible Preference Shares are outstanding into a greater number and/or a different class or classes of shares, the holder of any Series A Convertible Preference Shares exercising the conversion right attaching thereto at any time after such subdivision and/or reclassification shall be entitled to such greater number and/or different class or classes of shares as would have resulted from such subdivision and/or reclassification if the right of conversion had been exercised prior to the date of such subdivision and/or reclassification.
 - (ii) In the event of any consolidation and/or reclassification of the Common Shares of the Company at any time while any of the Series A Convertible Preference Shares are outstanding into a lesser number and/or a different class or classes of shares, the holder of any Series A Convertible Preference Shares exercising the conversion right attaching thereto at any time after such consolidation and/or reclassification shall be entitled to such lesser number and/or different class or classes of shares as would have resulted

from such consolidation and/or reclassification if the right of conversion had been exercised prior to the date of such consolidation and/or reclassification.

- (iii) If the holder of any Series A Convertible Preference Share shall exercise the conversion right attaching thereto at any time after the payment of any dividend on the Common Shares payable in Common Shares of the Company or payable at the option of the holders thereof either in Common Shares of the Company or in cash or partly in Common Shares of the Company and partly in cash, such holder shall be entitled to the number of Common Shares of the Company which he would have been entitled to on the exercise of such right of conversion of such Series A Convertible Preference Shares if such dividend had not been paid and, in addition, he shall be entitled to such additional Common Shares of the Company as would have been payable on the Common Shares of the Company resulting from the exercise of such right of conversion if such Common Shares had been outstanding on the record date for the payment of such dividend and if the holder of such Common Shares had exercised any such option so as to be entitled to Common Shares and not to cash.
- (iv) If the Company proposes to issue subscription warrants, or other rights, to the holders of its Common Shares generally to purchase shares of the Company, the Company shall so notify each registered holder of Series A Convertible Preference Shares by written notice given (in the manner provided in clause (k) of the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares as a class for the giving of notice of redemption) at least thirty (30) days prior to the date fixed by the Company as the record date in connection with the issue of such subscription warrants, or other rights, to purchase shares.

(g) The Company shall not issue fractional shares upon any conversion but in lieu thereof the Company shall issue bearer non-voting and non-dividend bearing fractional certificates in a form approved by the board of directors.

(h) All shares resulting from any conversion of Series A Convertible Preference Shares into Common Shares (including whole Common Shares issued upon the consolidation of scrip certificates which result from conversions) shall be fully paid and non-assessable; nothing herein contained shall affect or restrict the right of the Company to increase the number of its Common Shares without par value in accordance with the provisions of The Corporations Act, and to issue such shares from time to time.

(4) So long as any of the Series A Convertible Preference Shares are outstanding the Company shall not,

- A. (i) declare or pay any dividends (other than stock dividends in shares of the Company ranking junior to the Series A Convertible Preference Shares) on any of its shares at any time outstanding and ranking junior to the Series A Convertible Preference Shares; or
- (ii) redeem, purchase or otherwise pay off any of its shares at any time outstanding and ranking junior to the Series A Convertible Preference Shares (except out of the proceeds of an issue of shares ranking junior to the Series A Convertible Preference Shares made at any time after the first (1st) day of September, 1968, and prior to or contemporaneously with any such redemption, purchase or payment off); or
- (iii) elect to pay any tax on undistributed income under the provisions of Section 105 of the Income Tax Act (Revised Statutes of Canada 1952, Chapter 148) as now enacted or as the same may from time to time be amended or re-enacted or elect to pay any tax under any similar provisions;

unless, immediately after giving effect to such action, the aggregate amount:

- (a) declared and/or paid subsequent to the thirty-first (31st) day of December, 1967, as dividends (other than stock dividends in shares of the Company ranking junior to the Series A Convertible Preference Shares) on all shares of all classes of the Company; and
- (b) distributed and/or paid (on redemption, purchase or other payment off) subsequent to the thirty-first (31st) day of December, 1967, in respect of all shares (other than Preference Shares) of all classes of the Company; and
- (c) elected to be paid as tax as mentioned in subdivision (iii) immediately preceding;

will not be more than the aggregate of the consolidated net earnings available for dividends of the Company and its subsidiaries for the period from the first (1st) day of January, 1968, to the day prior to the date of such action, both dates inclusive, plus the net cash proceeds to the Company or the value, as determined by the directors, of any other consideration to the Company of the issue (except by way of stock dividend) after the first (1st) day of September, 1968, of any of its shares ranking junior to the Series A Convertible Preference Shares including the issuance of any other shares of the Company for any other shares or for any indebtedness to the extent that such shares or indebtedness shall be converted after the first (1st) day of September, 1968, into shares of the Company ranking junior to the Series A Convertible Preference Shares; or

B. declare or pay any dividends (other than stock dividends in Common Shares) on any Common Shares of the Company in any fiscal year of the Company in excess of the amount by which the consolidated net earnings available for dividends of the Company and its subsidiaries for the immediately preceding fiscal year of the Company exceeds twice the maximum annual dividends on the Preference Shares outstanding at the time of such declaration or payment.

“Consolidated net earnings available for dividends” of the Company and its subsidiaries as used in this clause (4) means the consolidated net earnings of the Company and its subsidiaries calculated as provided in clause (5) hereof except that in calculating consolidated net earnings available for dividends the earnings or losses of any subsidiary shall only be included from the date when such subsidiary became a subsidiary of the Company.

For the purposes of sub-clause A of this clause (4) and subject to the foregoing provisions hereof, the directors of the Company may from time to time determine the consolidated net earnings available for dividends of the Company and its subsidiaries as of a date not more than ninety (90) days prior to the making of such determination and may determine such consolidated net earnings available for dividends to be not less than a stated amount without determining the exact amount thereof; in making any such determination the directors shall consider and may rely on the last available audited consolidated balance sheet of the Company and its subsidiaries and/or the last available audited balance sheet of the Company reported on by the Company's auditors and may consider and rely on the last available unaudited consolidated balance sheet of the Company and its subsidiaries and/or the last available unaudited balance sheet of the Company prepared by the accounting officers of the Company and upon any other financial statement, report or other data which they may consider reliable provided that the directors shall not make any such determination on the basis of any such balance sheet, statement, report or other data if to their knowledge any event has happened which would materially and adversely affect such consolidated net earnings available for dividends as determined on such basis; upon any such determination having been made by the directors under the provisions hereof the consolidated net earnings available for dividends of the Company and its subsidiaries as at any date within a period of ninety (90) days following the date as of which such determination is made (unless any further determination of such consolidated net earnings available for dividends is so made within the said period) shall be conclusively deemed to be not less than the amount stated in such determination and such determination shall be conclusive and binding on the Company and the holders of shares of every class.

For the purposes of sub-clause B of this clause (4) and subject to the provisions of clause (5) hereof, consolidated net earnings available for dividends of the Company and its subsidiaries for any fiscal year of the Company shall be determined by the auditors of the Company.

(5) The Company shall not issue any Preference Shares in excess of the eight hundred thousand (800,000) Series A Convertible Preference Shares without the prior approval of the holders of the Series A Convertible Preference Shares given as hereinafter specified unless the consolidated net earnings of the Company and its subsidiaries for any twelve (12) consecutive calendar months out of the eighteen (18) calendar months next preceding the date of issuance of any such Preference Shares shall have been at least equal to two (2) times the annual dividend requirements on all the Preference Shares to be outstanding immediately after such issue; a report of the Company's auditors as to whether the Company is or is not entitled to issue any Preference Shares without the prior approval aforesaid shall be conclusive and binding on the Company and the holders of shares of every class.

“Consolidated net earnings” as used herein means all the gross earnings and income of the Company and all its subsidiary companies from all sources less all administrative, selling and operating charges and expenses of every character of the Company and all its subsidiary companies (but excluding gains or losses on the disposal of investments and fixed assets) arrived at on a consolidated basis in accordance with generally accepted accounting practice; without limitation of the generality of the foregoing, operating charges and expenses shall include insurance, maintenance, repairs, renewals (except such expenditures for renewals as are chargeable to capital account in accordance with generally accepted accounting practice), rentals, licences, taxes (including taxes on income) and all interest and reasonable provisions or allowances for bad and doubtful debts and, in addition to actual expenditures for maintenance, reasonable allowances for depreciation and, in respect of sales of development land, such provision for amortization of the cost of such land (including applicable carrying charges and development expenses) as the directors with the approval of the Company's auditors may determine; taxes on income shall, for the purposes of this definition, include or be determined by giving effect to such charges or credits to income or taxes on income in respect of deferred taxes on income as the directors with the approval of the Company's auditors may determine; the net earnings of any subsidiary company for the purpose of this definition shall only include such part of the net earnings of such subsidiary calculated as aforesaid as under generally accepted accounting practice is applicable to those shares of such subsidiary which are held by the Company or any other subsidiary company; if, at the time of determining consolidated net earnings for any past period, the Company or any subsidiary has acquired, is in the process of acquiring, or proposes to acquire, any property or any shares of any other company (sufficient with any shares of such other company already owned by the Company or a subsidiary to result in such other company becoming a subsidiary) and if the net proceeds of the then proposed issue of Preference Shares are to be applied directly or indirectly towards the cost of or in reimbursement of the cost of the acquisition of such property or shares (as to all of which a resolution of the directors shall be conclusive and binding) then the net earnings or net losses of such property or such other company for the same past period (calculated in accordance with the provisions herein contained respecting consolidated net earnings) for the whole of the period for which consolidated net earnings are to be computed shall, if in the opinion of the Company's auditors the Company has access to data sufficient to enable such auditors to determine such net earnings or net losses, be treated as net earnings or net losses as the case may be in the computation of consolidated net earnings; except as hereinbefore provided the earnings or losses of any subsidiary shall only be included from the date when it became a subsidiary of the Company.

For the purposes of this clause (5) and subject to the foregoing provisions hereof, consolidated net earnings shall be determined by the auditors of the Company.

“Subsidiary company” or “subsidiary” as used herein means any corporation or company of which more than fifty per cent (50%) of the outstanding shares carrying voting rights at all times (provided that the ownership of such shares confers the right at all times to elect at least a majority of the board of directors of such corporation or company) are for the time being owned by or held for the Company

and/or any other corporation or company in like relation to the Company and includes any corporation or company in like relation to a subsidiary.

(6) No class of shares may be created or issued ranking as to capital or dividends prior to or on a parity with the Preference Shares without the prior approval of the holders of the Series A Convertible Preference Shares given as hereinafter specified nor shall the authorized amount of Preference Shares be increased without such approval; provided that nothing in this clause (6) contained shall prevent the Company from issuing additional series of the authorized Preference Shares without such approval.

(7) The provisions contained in clauses numbered (1) to (8) both inclusive (including this clause) and clauses lettered (a) to (m) both inclusive of the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Preference Shares as a class or any of them may be deleted, varied, modified, amended or amplified by supplementary letters patent but only with the prior approval of the holders of the Series A Convertible Preference Shares given as hereinafter specified, in addition to any approval required by The Corporations Act.

(8) The approval of the holders of the Series A Convertible Preference Shares with respect to any and all matters referred to herein may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Series A Convertible Preference Shares duly called for that purpose and held upon at least twenty-one (21) days' notice at which the holders of at least a majority of the outstanding Series A Convertible Preference Shares are present or represented by proxy; if at any such meeting the holders of a majority of the outstanding Series A Convertible Preference Shares are not present or represented by proxy within one-half ($\frac{1}{2}$) an hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than fifteen (15) days later and to such time and place as may be appointed by the chairman and not less than ten (10) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of Series A Convertible Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds ($\frac{2}{3}$) of the votes cast at such adjourned meeting shall constitute the authorization of the holders of the Series A Convertible Preference Shares referred to above; the formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders; on every poll taken at every such meeting or adjourned meeting every holder of Series A Convertible Preference Shares shall be entitled to one (1) vote in respect of each Series A Convertible Preference Share held. Any authorization required by subsection (4) of Section 33 of The Corporations Act may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Series A Convertible Preference Shares duly called and held for that purpose in accordance with the foregoing provisions.

Canadian Interurban Properties Limited

Units Offering of
**800,000 Series A Convertible
Preference Shares**
and
400,000 Common Shares

PROSPECTUS

Dated July 18, 1968

SUBSIDIARY COMPANIES

| NAME | INCORPORATION | DATE | AUTHORIZED CAPITAL | ISSUED CAPITAL | PERCENTAGE OWNED | NATURE OF BUSINESS |
|------------------------------|--|--------------------|--|--|----------------------|---|
| Sixth Street Building Ltd. | Alberta Memorandum & Articles of Association | August 19, 1965 | 20,000 shares without nominal or par value | 20,000 shares | 51% | Owns 12 storey building in downtown Calgary |
| R.I.M. Co. Ltd. | Canada letters patent | December 3, 1961 | 5,000 Preferred Shares of the par value of \$20 each and 50,000 Common Shares without nominal or par value | 10,000 Common Shares | 100% | Inactive |
| South March Realties Limited | Ontario letters patent | October 15, 1959 | 77,500 Class A non-cumulative redeemable non-participating 5% preference shares with a par value of \$1.00 each, 5,000 Common Shares without par value | 12,500 Class A Shares 5,000 Class B Shares | 100% | Land holding company |
| William Teron Limited | Ontario letters patent | September 14, 1960 | 9,000 Class "A" 7% non-cumulative redeemable preference shares with a par value of \$100 each, 40,000 Class "B" 6% non-cumulative redeemable preference shares with a par value of \$1.00 each and 5,000 Common Shares with a par value of \$1.00 each | 9,000 Class "A" 40,000 Class "B" 5,000 Common Shares | 100% 100% 100% | Company has and is developing 3,200 acres of land in the township of March, Ontario, known as Kanata (250 having been developed) and 737 acres at Mount Bruno, Quebec |
| U.P.D Holdings Limited | Ontario letters patent | December 5, 1962 | 1,000 shares without par value | 300 shares | 66 2/3% | Owns two properties — one in Medicine Hat and the other in Toronto |

STATUS UNDER SECURITIES ACTS

The offering of 800,000 7% Cumulative Redeemable Convertible Preference Shares Series A and 400,000 Common Shares in Units of two Preference Shares and one Common Share was qualified for sale to the public in July, 1968 in all provinces in Canada.

The appropriate material was filed with the Ontario Securities Commission in connection with an offering of 3,300,000 Common Shares of the Company to its shareholders pursuant to a rights offering in August, 1963.

The offering of 380,000 shares (representing 38,000 Common Shares as now constituted) were qualified for sale in the Provinces of Ontario and Quebec in June, 1959.

FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

ANNUAL MEETING

The by-laws of the Company provide that the annual meeting of the Company shall be held at the head office of the Company or such other place in Ontario on such date in each year as the Board of Directors may determine from time to time. The last annual meeting was held on June 12, 1968.

HEAD AND OTHER OFFICES

The head office is located at 170 Bay Street, Toronto, Ontario and an executive office is maintained at 1 Place Ville Marie, Montreal, Quebec.

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company at its principal offices in the cities of Halifax, Montreal, Toronto, Calgary and Vancouver is the transfer agent and registrar of the 7% Cumulative Redeemable Convertible Preference Shares Series A with a par value of \$10.00 each and of the Common Shares of the Company.

TRANSFER FEE

No fee is charged on stock transfers other than customary government stock transfer taxes.

AUDITORS

The auditors of the Company are Messrs. Campbell, Sharp, Nash & Field, 80 Richmond Street West, Toronto, Ontario.

OFFICERS

The officers of the Company are:

| NAME | OFFICE | HOME ADDRESS |
|---|---|---|
| William Howard Wert, C.A. | Chairman of the Board | 763 Upper Lansdowne Avenue, Westmount, Quebec |
| James Arthur Lowden | President | 216 Wolseley Avenue North, Montreal West, Quebec |
| Peter Nesbitt Thomson | Vice-President | R. R. No. 1, Pointe Cavagnal, Vaudreuil, Quebec |
| William Teron | Vice-President Planning and Development | 8 Qualicum Street, Ottawa, Ontario |
| Patrick Alan Saunderson | Vice-President and General Manager | 1 Rosedale Road, Toronto, Ontario |
| Jack Benson Whitely | Vice-President, Finance | 110 Elm Crescent Drive, Baie D'Urfe, Quebec |
| William George Easton Lannaman, C.A. | Secretary and Treasurer | 107 Embleton Crescent, Pointe Claire, Quebec |
| Helen Elizabeth McDonald, C.A. | Comptroller and Assistant Secretary | 44 Dunfield Avenue, Toronto, Ontario |
| Thomas Jefferson Rappell | Assistant Secretary | 4822 Mayfair Avenue, Montreal, Quebec |

DIRECTORS

The directors of the Company are:

| NAME | HOME ADDRESS | OCCUPATION |
|-----------------------------------|---|--|
| William Howard Wert, C.A. | 763 Upper Lansdowne Avenue, Westmount, Quebec | President of Warnock Hersey International Limited |
| James Arthur Lowden | 216 Wolseley Avenue North, Montreal West, Quebec | President |
| Peter Nesbitt Thomson | R. R. No. 1, Pointe Cavagnal, Vaudreuil, Quebec | Deputy Chairman of Power Corporation of Canada, Limited |
| William Teron | 8 Qualicum Street, Ottawa, Ontario | President of William Teron Limited |
| Hon. John Black Aird, Q.C. | 2 Glenallan Road, Toronto, Ontario | Partner of Messrs. Edison, Aird & Berlis, Solicitor |
| Paul Desmarais | 29 Ramezay Road, Westmount, Quebec | Chairman and Chief Executive Officer of Power Corporation of Canada, Limited |
| Arthur Ferdinand Mayne | 342 Redfern Avenue, Westmount, Quebec | Executive Vice-President of a Canadian chartered bank |
| Jean Simard | 159 Les Erables, Laval-sur-le-Lac, Quebec | Vice-President of Marine Industries Limited |
| Francis Dorland Trebell | 6145 St. Georges Crescent, West Vancouver, British Columbia | President of Yorkshire Financial Corporation |
| William Ian MacKenzie Turner, Jr. | 4294 Montrose Avenue Westmount, Quebec | President of Power Corporation of Canada, Limited |

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Canadian Interurban Properties Limited hereby applies for listing of the above mentioned securities on the Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and the documents submitted in support thereof are true and correct.

CANADIAN INTERURBAN PROPERTIES LIMITED

By



"J. A. LOWDEN", President

"W. G. E. LANNAMAN", Secretary

Distribution of Preferred stock as of August 31st, 1968

| Number | | | | Shares |
|--|--|--|--|--|
| 103 | Holders | of | 1 — 24 share lots | 1,922 |
| 570 | " | " | 25 — 99 " | 27,970 |
| 345 | " | " | 100 — 199 " | 36,100 |
| 183 | " | " | 200 — 299 " | 36,830 |
| 25 | " | " | 300 — 399 " | 7,740 |
| 45 | " | " | 400 — 499 " | 18,070 |
| 43 | " | " | 500 — 999 " | 27,220 |
| 76 | " | " | 1000 — up " | 644,148 |
| <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> |
| 1,390 | Shareholders | | | Total shares 800,000 |
| <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> |

Distribution of Common stock as of August 31st, 1968

| Number | | | | Shares |
|--|--|--|--|--|
| 1451 | Holders | of | 1 — 24 share lots | 10,878 |
| 1001 | " | " | 25 — 99 " | 39,018 |
| 402 | " | " | 100 — 199 " | 43,071 |
| 115 | " | " | 200 — 299 " | 24,250 |
| 42 | " | " | 300 — 399 " | 12,780 |
| 21 | " | " | 400 — 499 " | 8,905 |
| 73 | " | " | 500 — 999 " | 43,549 |
| 106 | " | " | 1000 — up " | 5,120,549 |
| <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> |
| 3,211 | Shareholders | | | Total shares 5,303,000 |
| <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> | <hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/> |

